

FINANCIAL TIMES

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Unilever and Nestlé
Can elephants be made to dance?
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One brand, two products
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Hurricanes
Storm track now more predictable
Environment, Page 10

Renault profits plunge as price war intensifies

French carmaker Renault said it expected to suffer a loss this year, as it reported a more than 90 per cent decline in half yearly profits to FF1.65bn (\$312m). It blamed the result on an intensification of the price war in some European car markets and a turn for the worse in commercial vehicles, a sector which returned good profits last year. Page 18

Yeltsin keeps the nuclear button

Russian president Boris Yeltsin will hand control of key ministries to prime minister Viktor Chernomyrdin (left) while he undergoes heart surgery, but will keep control of the nuclear "red button". Under the constitution, the prime minister would take over as interim president in the event of the president's death or incapacity. Page 14

Kurdish return home Kurdish refugees began returning to their homes as fighting between rival factions in northern Iraq subsided, easing fears of an international refugee crisis. An estimated 10,000 had fled eastwards at the weekend. Page 4

Spain may soften ERM stance A member of the Bundesbank's central council signalled a potential softening of Germany's position on the single European currency, insisting that the European Union would have to adopt a flexible interpretation of the Maastricht criteria. Page 2

UK unions back single currency Britain's trade unions backed UK membership of any future European monetary union. Page 9

Anti-copying device for video discs Franco-Russian semi-conductor maker SGS-Thomson Microelectronics said it had developed an anti-copying device for use in digital video disc players. Page 15; **Leak**, Page 14

Police probe in Belgium scandal Investigators probing Belgium's scandal of child kidnapping, sexual abuse and murder of a priest, are looking to secure convictions of three godfathers after a dawn raid. Page 3

US cuts Chinese textile imports Washington cut Chinese textile and clothing import quotas after customs checks uncovered widespread fraud in the shipment of Chinese-made clothing to the US. Page 14

Carrefour operation shifts to Spain Laurus, a German registered company offering a high-risk currency scheme to private investors throughout Europe, has closed its trading operation in Hamburg and moved the enterprise to Barcelona. Page 2

\$100m investment for Ulster US computer electronics company Seagate Technology announced a \$100m investment in Northern Ireland which will create 750 jobs over two years. Page 9

Telefonía poised for purchase Telefonía, Spain's private telecoms operator, is poised to acquire outright ownership of Telefonía Internacional, its profitable international unit. Page 15

Germany sees bigger Balkan role International peacekeeping troops should remain in former Yugoslavia until late next year and could have a German chief-of-staff, German defence minister Volker Rühe said. Page 2

Tan takes control of PAL Chinese-Philippine businessman Lucio Tan took formal control of Philippine Airlines as shareholders voted to double the carrier's authorised capital to 10bn pesos (\$220m). Page 18; **Observer**, Page 13

Greek PM faces tough poll battle Greek prime minister Costas Karamanlis faces unexpectedly tough opposition in his attempt to lead the Panhellenic Socialist Movement back to power in a general election on September 22. Page 3

Rise in Japan's machinery orders Machinery orders in Japan rose in July by a seasonally adjusted 13.6 per cent from the previous month after two months of decline, the Economic Planning Agency said. Page 5

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STOCK MARKET INDICES

New York Composite	10,442.42	(-34.62)
Dow Jones Ind. Av.	3,708.42	(-11.57)
NASDAQ Composite	1,147.14	(-11.57)
Europe and Far East		
DAX	3,042.12	(-21.82)
FTSE 100	2,970.00	(-22.23)
Nikkei	3,918.1	(-6.3)
Hong Kong	20,988.88	(-357.32)

US LEASING RATES

Federal Funds	5.75%
3-month Term Rate	5.50%
Long Bond	6.5%
Yield	7.12%

OTHER RATES

UK 3-month Short-term	5.75%
US 10 yr Bond	6.75%
France 10 yr Bond	6.0%
Germany 10 yr Bond	5.5%
Japan 10 yr Bond	5.5%

MONTHLY USA CH. (Annual)

Real GNP	0.2%
Real GDP	0.2%
Real Disposable Income	0.2%
Real Personal Consumption Expenditures	0.2%
Real Investment	0.2%
Real Government Spending	0.2%
Real Net Exports	0.2%
Real Federal Deficit	0.2%
Real Total Deficit	0.2%

ASIAN CURRENCY EXCHANGE RATES

Asian	100 Yen	100 Yen	100 Yen	100 Yen
London	100 Yen	100 Yen	100 Yen	100 Yen
Paris	100 Yen	100 Yen	100 Yen	100 Yen
Frankfurt	100 Yen	100 Yen	100 Yen	100 Yen
Stockholm	100 Yen	100 Yen	100 Yen	100 Yen
Madrid	100 Yen	100 Yen	100 Yen	100 Yen
New York	100 Yen	100 Yen	100 Yen	100 Yen
Los Angeles	100 Yen	100 Yen	100 Yen	100 Yen
Tokyo	100 Yen	100 Yen	100 Yen	100 Yen
Hong Kong	100 Yen	100 Yen	100 Yen	100 Yen

Swiss face pressure over \$4bn Nazi gold

Britain says banks may hold 90% of war hoard

By James Blyth in London and William Hall in Zurich

Swiss banks were last night under mounting pressure to reveal the origins and status of gold reserves acquired during the second world war after the UK government said Switzerland held \$600m of "Nazi gold" at the end of hostilities.

Amid claims that much of the German gold shipped to Switzerland had been plundered by the Nazis, the British Foreign Office said nearly 90 per cent of the hoard - now worth about \$4bn - could still be held by Swiss banks.

In a survey into the fate of Germany's gold reserves, based on UK government archives, the Foreign Office said the Swiss authorities had resisted calls by the Allies to redistribute Germany's gold reserves in 1945.

Instead, the Foreign Office said Switzerland - neutral throughout the war - handed over only \$60m worth of German gold to the US and UK in 1945. Some of the transferred gold is still held at the Bank of England.

Yesterday's report was published after pressure from British MPs for the government to respond to information on Nazi gold dealings discovered recently in US archives.

Mr Malcolm Rifkind, UK foreign secretary, will next week raise the issue with the Swiss government on a visit to Geneva.

He is expected to speak of the mounting concern in the UK that Nazi gold has not been returned to the families of Jews and other groups who perished in the Holocaust.

Mr Greville Janner, the Labour MP who originally asked Mr Rifkind to conduct the inquiry, called on the Swiss authorities to publish details of gold reserves it had received from the Reichsbank.

"Tens of gold flowed out of Nazi Germany," Mr Janner said. "Its banks were in Switzerland."

Germany raises growth forecast



The German government yesterday upgraded its forecast of economic growth. Finance minister Theo Waigel (above), presenting his draft budget to parliament, said 1 per cent real growth was now likely this year but called for financial austerity in 1997. Details, Page 14

Beijing warns Tokyo over disputed islands

By Tony Walker in Beijing, William Dawkins in Tokyo and Laura Tyson in Taipei

China warned Japan yesterday that relations between the two countries would suffer serious damage if Tokyo did not stop Japanese rightwingers setting foot on the disputed Diaoyu islands off its east coast.

Sino-Japanese relations soured after rightwingers sought to reinforce Japan's claims by building and repairing a lighthouse and a war memorial on the uninhabited islands, which are under Japanese control but are claimed by China, Taiwan and Japan.

The dispute yesterday caused the postponement of a proposed visit to Japan next month by Mr Li Lanqing, the Chinese vice-premier, and has also unleashed anti-Japanese feelings in Hong Kong and Taiwan.

"The Japanese government must take action to stop these activities [and] must not let rightwingers set foot on these islands," said Mr Shen Guofang, the Chinese foreign ministry spokesman.

The Japanese government yesterday moved to calm the diplomatic turbulence. Mr Yukihiko Ikeda, foreign minister, said differences over ownership of the islands - known in Japan as the Senkaku - must not stand in the way of relations between Tokyo and Beijing.

"We know China takes a different position from ours. We believe we should try to maintain and promote friendly relations between Japan and China despite the differences," he said.

Ford fears losses in Latin America will grow

By Richard Waters in New York

Ford, the US's second highest vehicle maker, warned yesterday that its losses in South America would grow in the second half of this year.

The group's attempt to become a significant force in Brazil and Argentina has been dealt a blow by high start-up costs and a change in car-buying habits.

Ford also sounded a cautious note about the outlook for sales of cars and light trucks in the US, prompting a wave of concern on Wall Street about the prospects for the country's three big car manufacturers over the coming months.

With the stock market already rattled by the prospect of a sharp slowdown in US corporate earnings growth in the second half of this year, Ford's caution prompted a slump in the shares of the big car-makers. By lunchtime in New York, Ford had recovered from an early 4 per cent drop to trade at \$31.40, a fall of 5%.

General Motors was down 3% at \$47.75, while Chrysler was off 2% at \$28.75.

The carmakers' shares had already sagged in recent weeks as evidence emerged of a sharper-than-usual slowdown in new vehicle sales in the US in the traditionally soft summer months.

Ford's troubles in South America follow the dissolution at the end of last year of Auto-Latina, a joint venture launched a decade ago with Germany's Volkswagen.

The companies' decision to go their separate ways left Ford with a severely weakened presence particularly in Brazil, the largest new car market in South America.

Yesterday, Ford warned its losses in South America during the second half of the year would top the \$129m incurred in the first six months - a considerable deterioration from the break-even position it had expected.

Becoming a force in the

French company law report calls for radical reforms

By Andrew Jack in Paris

French magistrates should lose some of their powers to pursue investigations into corporate corruption, a French parliamentary report says, urged by the government last night.

The report calls for changes in the definition of the crime of *abus de biens sociaux* - misuse of corporate property - an accusation central to many of the corruption probes which have resulted in 23 captains of French industry and finance being placed under investigation in three years.

It also calls for legislative changes in corporate governance, including a demand that French company chairman should have no more than four outside directorships.

The report is likely to lead to legislative changes, as it comes from a committee set up by Mr Alain Juppé, prime minister, charged with drafting proposals for the first overhaul of company law since 1986.

The committee was chaired by Mr Philippe Marini, deputy chairman of the Senate finance commission. His 160-page report contains dozens of recommendations but the proposals to change the law on *abus* are likely to prove the most controversial.

Magistrates say the *abus* charge is a convenient way of opening investigations which sometimes result in prosecutions on more specific charges, particularly long and complex fraud investigations.

Mr Marini called for the decriminalisation of a number of charges which can be brought under the offence - for example, negligence should be more tightly defined. The charge would be used in future largely in cases of fraud and personal enrichment.

Abus de biens sociaux carries a maximum five-year prison sentence and a FF2.5m (\$400m) fine. Many executives facing corruption allegations have been formally charged with the offence, including Mr Pierre Suard, former chairman of Alcatel Alsthom.

Previous proposals to modify the legislation have met with enormous opposition. Socialist politicians oppose any change they say would let executives escape too easily.

Among Mr Marini's other recommendations was the recognition for the first time in French law of board sub-committees with delegated powers, and the sharing of responsibility between the chairman and the chief executive of a company. He also said pension funds should be forced to exercise their voting rights.

The Patronat, the French employers' federation, said it was "very satisfied" with yesterday's report, which largely reflected the conclusions of its own committee set up to examine changes to company law.

Sign of relief, Page 2
Lex, Page 14

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Germany is urged to soften stance over Maastricht single currency criteria

Bundesbank member sees flexible Emu

By Wolfgang Münchau in Frankfurt

A member of the Bundesbank's central council has urged a softening of the German position on the single European currency...

position on the single currency may be in conflict with the Maastricht treaty, which allows for a greater degree of flexibility...

He warned that a more flexible interpretation should not give rise to reckless abuse of the criteria. The comments are an implicit criticism of the government's and the Bundesbank's official position.



Kohl in parliament yesterday: hard public line on Emu criteria

High-risk currency operation shifts to Spain

By Clay Harris

Laurion, a German-registered company offering a high-risk currency scheme to private investors throughout Europe, has closed its trading operation in Hamburg...

In Barcelona yesterday, Laurion said: "Management is in a meeting". Calls over eight hours were not returned. At Laurion's Hamburg office, an unidentified man who answered a call rang off when asked a question by the Financial Times.

with Spanish authorities. Laurion had set up the Barcelona office earlier this year and had been directing most of new "leads" for prospective customers there for more than a month.

20 to 50 times their initial deposit on "rolling spot" foreign exchange trades. Police and regulators say many investors have reported losing their money, suspecting that their accounts had been "churned" to increase commissions.

increase their financial commitment. Few of the employees, including traders, had foreign exchange experience. Most had been recruited from a variety of sales backgrounds.

Prime minister 'turns down resignation' in spite of allegations of corruption

Spain's defence minister offers to quit

By Tom Burns in Madrid

The defence minister in Spain's new centre-right government said yesterday he had offered to resign after a spate of corruption allegations reminiscent of the scandals that undermined the previous Socialist administration.

prison awaiting trial on embezzlement charges. Mr Serra, who is not a member of the ruling Popular party, was a surprise inclusion in Prime Minister José María Aznar's cabinet and was appointed to the defence job, according to the Madrid press, at the request of King Juan Carlos.

denied reports that, as chairman of a construction company after he left office, he had bribed Mr Roldán to obtain building contracts for the company from the Civil Guard.

payments by Cubiertas to a secret account managed by the former Civil Guard chief continued after Mr Serra joined the company.

Mr Serra said he had never had any professional dealings with Mr Roldán and that when he became chief executive of Cubiertas y Asociados, he was not involved in the company's activities.

Deadline on Iri debt cut to be extended

By Andrew Hill in Milan

Mr Karel Van Miert, EU competition commissioner, said yesterday he would propose a limited extension of the deadline for reducing debt at Iri, the Italian state holding company.

After meeting Mr Carlo Azeglio Ciampi, Italy's treasury and budget minister, yesterday, Mr Van Miert said the deadline of end-1996 could be extended, on the strength of commitments by the government and Iri to sell its majority stakes in Stet, the telecoms holding company, and Anas, the Italian motorway network, next year.

Sigh of relief from French companies

By Andrew Jack in Paris

French companies breathed a sigh of relief yesterday when a parliamentary report on reforming company law held back from demanding significant legal obligations on corporate governance.

Marini, deputy chairman of the Senate finance commission, takes a shrewdly cautious line on the subject. He criticises the widespread French practice of "rectroflex directorships", with directors of companies sitting on each others' boards, in a move which could threaten their independence.

on the boards of those groups in which they have invested. More controversially, he argues the number of board directorships held by a chairman should be limited to five in total, less than the six recommended in the earlier report by Mr Marc Viénot, chairman of the bank Société Générale, and something that would affect many French executives, including Mr Viénot himself.

stipulate a fixed proportion. Reducing pension fund assets, Senator Marini argues for separation of chairman and chief executive roles. Reflecting the responsibility of share ownership, he calls for pension funds which invest in companies in France to exercise their voting rights.

Marini report, which will be more welcome to business executives but will prove more politically controversial, is his recommendation to narrow the definition of "abus de biens sociaux" or misuse of corporate funds, a catch-all charge used by magistrates as a weapon to open formal corporate corruption inquiries.

Greek PM faces uphill battle in poll to retain grip on power

By Karin Hope in Athens

Mr Costas Simitis, Greece's energetic but uncharismatic prime minister, faces unexpectedly tough opposition in his attempt to lead the Panhellenic Socialist Movement (Paseok) back to power in a general election on September 22.

Mr Simitis's decision last month to call a snap election was welcomed by his party. Economic recovery, which has brought strong growth this year, together with the premier's high personal approval rating, would sweep the Socialists back with a comfortable majority, Pasok officials hoped.

However, a strong showing by Mr Michalis Evert, the brilliant New Democracy leader, who spent his summer holiday campaigning unofficially on the Aegean islands, has shattered Pasok's complacency.

Mr Evert has pledged to roll back the Socialists' unpopular tax reforms, requiring farmers to submit income declarations for the first time and attempt to reduce tax evasion by taxing the self-employed on the basis of presumed rather than declared income.

"because we have to increase the birth-rate to reverse a decline in Greece's population". Mr Simitis is working his way methodically around Greece, but his speeches are dull compared with those of his predecessor, the late Andreas Papandreu. He is still more popular than Mr Evert, but his message of fiscal discipline, including measures to curb tax evasion and trim the overstuffed public sector, inspires little enthusiasm.

EUROPEAN NEWS DIGEST

Belgian king urges reform

King Albert II yesterday added his voice to calls for a radical reform of Belgium's justice system following charges of incompetence and corruption in the handling of investigations into a child sex ring and the murder of a former deputy prime minister.

Chechens form congress

Representatives of more than 20 political and public groups met in Grozny, the Chechen capital, yesterday to work out a power set-up in the region.

Bonn sees bigger forces role

International peacekeeping troops should remain in former Yugoslavia until October 1997 and could have a German chief-of-staff, Mr Volker Rühe, defence minister, said in an interview published yesterday.

Germany warns BSKyB

Germany's federal cartel office has warned that it may advise the European Commission to prevent BSKyB, the British satellite television company, from taking a 26 per cent stake in Premiere, a German pay-TV network.

Bavarian beer loses head

Beer consumption and production in Bavaria is falling, breweries are closing and the price of beer is expected to go up by the end of the year, Mr Georg Schneider, Bavarian brewers' federation president, said yesterday.

UK, Belgium lose TV case

The European Court of Justice yesterday ruled that Britain and Belgium had broken EU rules on television broadcasting by imposing restrictions on the transmission of programmes from other EU countries.

Bomb photos lawsuit rejected

A French court yesterday threw out a lawsuit by metro bombing victims who sought damages from five French publications which ran pictures of them bloodied and stunned from the blast.

Asylum seekers' influx slows

Measures by western European governments to curb the influx of asylum-seekers are having the required effect, according to statistics compiled by the United Nations Economic Commission for Europe. Since the peak year of 1992, the number of applications for refugee status has declined from almost 700,000 annually to about 290,000 in 1995.

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مكتبة الاصل

Belgian fixer set on joining euro club

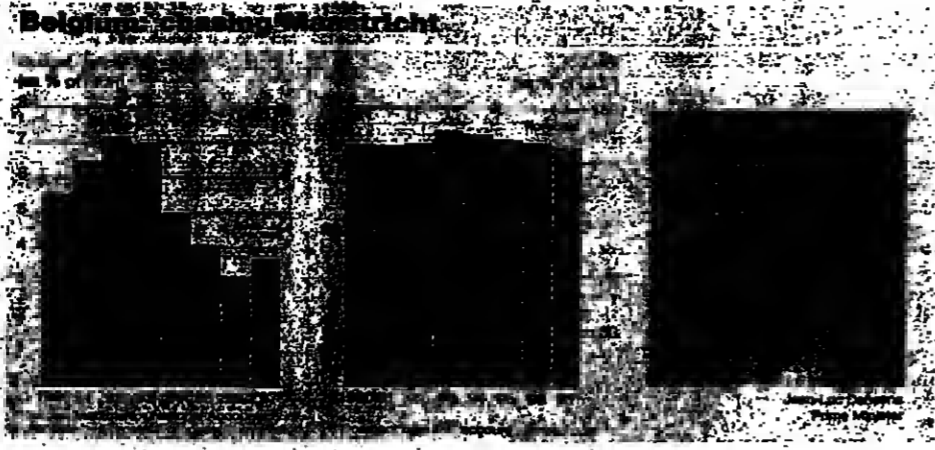
Dehaene has won special powers to try to make sure his country meets Emu criteria

Governments across the European Union face bruising battles with their parliaments in coming months as they attempt to set 1997 budgets which meet the convergence criteria for monetary union. But the Belgian premier, Mr Jean-Luc Dehaene, has found a way to avoid such battles: he has won special powers to legislate on the budget by decree and bypass parliament altogether.

The Christian Socialist prime minister pushed his temporary suspension of democracy through parliament before the summer recess, arguing that qualifying for monetary union is critical to Belgium's future.

To guarantee its place in the euro club, Belgium must find painful extra savings - on top of measures already taken in a three-year austerity programme - to cut its budget deficit to 3 per cent of gross domestic product next year.

For the next four weeks, Mr Dehaene will be closeted with ministers in an extraordinary "summit" searching for savings of about BF80bn-BF90bn (\$2.6bn-\$2.9bn). The budget will go before parliament for rubber-stamping when it reconvenes on October 1. His special powers should thus



allow the budget to be adopted early, and avoid potentially unpopular measures being blocked or watered down in horse-trading with parliament.

Belgium's parliamentary process is unusually tortuous, involving 11 parties representing not just conflicting political views but the regional interests of the French-speaking Walloon and Dutch-speaking Flemish communities.

Merely to carry the other members of Mr Dehaene's four-party, centre-left coalition government with him, will require all the deal-making skills of the man Belgians call "the fixer".

Spending cuts this year have already provoked sporadic strikes and demonstrations, and the government is anxious to avoid the mass unrest sparked by spending cuts in France last winter. Moreover, Mr Dehaene's call for special powers normally reserved for emergencies has disturbed some analysts.

"Mr Dehaene has created a somewhat Machiavellian environment," says a Belgian economist. "It is bed for democracy - even if it is good for Mr Dehaene."

Belgium has compelling reasons for wanting to be among the first countries to convert to the euro. France, Germany and the Nether-

lands - all aspiring members - account for more than half its exports, while Luxembourg, with which Belgium has a 75-year-old economic union, seems sure to qualify.

"It would be very difficult indeed to be outside a single currency if our neighbours, our biggest trading partners, were inside," says Mr Philippe Maystadt, finance minister.

Belgium's problem is that it easily meets three out of five convergence criteria - on inflation, interest rates, and exchange rates - but fails on budget deficit and debt.

Reducing debt from last year's 133.8 per cent of GDP

- the highest ratio in the EU - to the Maastricht target of 60 per cent by next year is impossible. The best Belgium can hope for is to demonstrate to its EU partners that debt is on a firm downward trend.

That leaves the deficit: 4.1 per cent last year. Mr Dehaene hoped to hit 3 per cent this year to strengthen Belgium's case for Emu membership, but disappointing growth means the budget will overshoot. Hence the importance of getting to 3 per cent next year.

The "framework law" entitling Mr Dehaene to legislate by decree in three areas are all directed at that goal. The first gives him free rein in budgetary matters until next August. The second - valid until April - covers the long-overdue reform of the social security system, vital to cut public spending and employers' crippling social contributions.

A final, indefinite, law empowers the government to limit annual wage settlements between unions and employers to no more than the three-year average increase in France, Germany and the Netherlands.

With GDP growth forecast at about 2 per cent next year - almost twice the rate now

expected for 1996 - economists believe the government will aim to make BF80bn-BF90bn savings, plus a "safety margin" of about BF20bn. Officials suggest the bulk can come from spending cuts - with up to half resulting from social security reform - and from improved revenue collection. But they admit some tax increases may be necessary.

Achieving the correct balance between the two will be politically tricky: tax rises have a greater impact on the higher-earning Flemish region, while social spending cuts hit the more welfare-dependent Walloons. The biggest danger, as in France and Germany, is that austerity measures risk damaging consumer spending and the fragile economic recovery.

Few details have so far been revealed of the budget plans for what Mr Dehaene calls the "year of truth". Most observers, however, have faith in "the fixer" to meet the Maastricht goal.

"We have the feeling the game will be won," says Mr Geert Noels, economist at Petercam, a Brussels broking house. "It's just that we don't know who exactly the players will be and how they will play."

Neil Buckley

Luxembourg faces action on 'pirate' CDs

By Alice Rawsthorn in London and Neil Buckley in Brussels

The international music industry is calling on the European Commission to force Luxembourg to close legal loopholes which have turned the Grand Duchy into a conduit for millions of illegal "pirate" CDs.

The International Federation of the Phonographic Industry, the body that represents global music industry, has asked the Commission to take legal action against Luxembourg for allegedly failing to implement international copyright legislation.

Describing Luxembourg as the "last safe haven" for music pirates in the EU, the federation maintains that between 1m and 2m unauthorised CDs are imported there each year.

Once they have penetrated the customs-free single European market, they can be exported freely across the EU. Most of the CDs are manufactured in Israel, the Czech Republic or east Asia. In theory this represents the loss of \$500m (£280m) in

sales to the legitimate music industry, which attained retail sales of \$13.4bn in Europe last year.

The federation, which represents 1,900 record producers worldwide, has lodged a formal complaint with the Commission, demanding that it takes action against Luxembourg in the European Court.

The Commission acknowledged receipt of the complaint yesterday, and said it would be investigating the case.

Luxembourg has failed to implement several pieces of legislation covering intellectual property, including two EU directives and World Trade Organisation copyright rules.

The Commission has already opened infringement proceedings against the Grand Duchy for failing to confirm to Brussels that it would implement the EU directives.

The federation's complaint could, however, speed up the process as successful legal action by the Commission in the European Court would require Luxembourg to implement the legislation.

Swedish PM faces up to union charges of betrayal

By Hugh Carnegy in Stockholm

Mr Göran Persson will face an unusual ordeal for a Swedish Social Democratic prime minister today when he addresses the national congress of the LO, the powerful blue-collar trade union confederation.

Angry protests are expected against government plans, unveiled on the eve of the LO congress last week, to loosen some of the tight regulations governing the country's labour market in an effort to tackle record unemployment.

The total out of work in August stood at 13.3 per cent of the workforce, and is the highest

political headache afflicting the government.

The government's proposals, drawn up in co-operation with the small Centre party, drew furious protests from the LO, which regarded them as a betrayal of more than half a century of close partnership between the unions and the Social Democrats.

"We will do everything we can to stop the proposed changes," declared Mr Bertil Jonsson, the LO chairman, who also sits on the SDP ruling council. He told the congress he "never dreamt" he would have to criticise an SDP government for "messing with wage-earners' protection and their rights". There were calls for the LO to withhold its annual

SKr20m (\$3bn) funding of the SDP.

The list of changes, set to come into effect next year, was not long. The most significant is a measure allowing locally negotiated agreements between employers and local trade union branches to proceed without approval from the national trade union organisations. This would cover issues such as temporary employment contracts, working hours and the principle of "last in, first out" under which an employer seeking redundancies must fire on a seniority basis.

Other changes include allowing an employer to take on up to five workers for 12 months without applying collective bargaining

agreements. These are the norm in Sweden where some 90 per cent of the workforce belongs to a trade union.

The proposals will not, in fact, greatly change the status quo. Many local agreements on issues such as flexible work schedules are already in place in companies such as Scania, Saab Automobile and SKF - duly approved by the national unions.

The plans were greeted grudgingly by the employers' federation SAF as a "small step in the right direction" - but far from the comprehensive review it had been seeking. They underlined the need for employers to have long-term collective agreements with trade unions and encom-

passed some new restrictions, including giving part-time employees the automatic right to take up full-time vacancies if they held the right qualifications.

However, the LO's protest reflected its concern that the proposals undermined the centralised power of the unions and could be the start of a retreat from decades of gains.

Mr Persson, who had previously upset the LO by referring to it as "an interest group like any other", is unlikely to be moved by the demonstrators this afternoon.

The government has for some time accepted the case - made repeatedly by outside bodies such as the Organisation of Economic

Co-operation and Development - that at least some greater flexibility in labour market regulation is needed to help generate employment growth. Its main target is the small- and medium-sized business sectors most affected by the strictures of labour legislation.

Mr Persson has made important concessions to the unions since he became prime minister in March, agreeing to raise unemployment benefits to 80 per cent of previous salary from 75 per cent and signalling that Sweden will not attempt to join the European Monetary Union at its planned start in 1999. He clearly believes it is time for the LO to back down on labour regulations.



Göran Persson: unlikely to be moved by union protesters

TO PROPEL THE GREAT JOURNEY



From the lonesome road to the information superhighway

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Conceived and Photographed by Richard Avedon

Refugees leave Iranian border as defeated faction says it has stopped fighting
Kurds drift home as fighting subsides

By John Barham in Ankara
Kurdish refugees yesterday began returning to their homes as fighting between rival factions in northern Iraq subsided, easing fears of an international refugee crisis.

general amnesty for PUK by the leadership of the victorious Kurdistan Democratic party (KDP) further encouraged people to go home.

who is believed to have fled to Iran, of mounting a propaganda exercise to incite people to leave in a "mass exodus".

war, which were governed by the two warring Kurdish groups until the KDP occupied all the PUK's territory this week.

day in Ankara for talks on "bilateral and regional affairs", the Turkish government's Anatolia news agency reported.

Observers say the talks concerned Turkey's plan to establish a 10-km security zone inside Iraqi territory along its southern border.

A changing world and Emu challenge old banking order

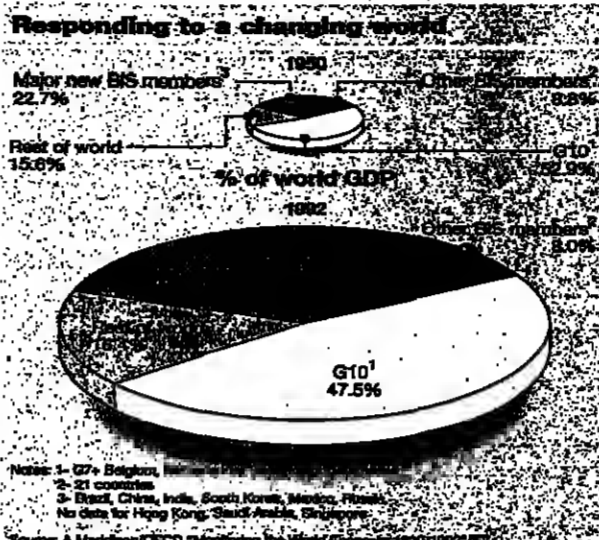
An expanded membership of the 'central bankers' bank could raise more questions than it answers, writes Gillian Tett

In the coming months, senior officials of the Bank for International Settlements could be suffering serious jet lag as they visit nine new members around the world.

Consequently, its members were drawn from western countries, albeit with some later east European additions. But as the decades progressed, the BIS developed a number of new roles.

money anonymously around the world's financial markets and use it to intervene when there is currency turmoil.

At present, no European country seems ready to face up to these issues. Indeed, European BIS members expressed the strongest reservations about the expansion.



Meanwhile the number of new members could swell over the next three years up to five other countries, including Argentina and Chile, may be offered entry.

ASIAN TELECOMS
Telecommunications in the 21st Century
28-29 October 1996
Hong Kong
Speakers include: Dr Henry Chasia, Deputy Secretary General, International Telecommunications Union, Switzerland; Mr John Carrington, Group Managing Director, Mobile Systems International, UK; Mr Don Green, President, Network Wireless Systems, Lucent Technologies, Singapore; Mr Chris Simpson, Senior Vice President & General Manager, International Division, Qualcomm Inc, USA; Mr Alex Arena, Director General, Telecommunications Authority, Hong Kong; Mr Simon Eintaner, Director, National Telecommunications Commission, Philippines; Mr Leong Keng Thai, Deputy Director General, Telecommunications Authority of Singapore.

INTERNATIONAL NEWS DIGEST

Ozone hole arrives early

The ozone hole over the Antarctic, which appears each year during the Antarctic spring, has affected the southern tip of South America unusually early this year.

Nigerian inflation falls

Nigerian inflation has fallen below 30 per cent for the first time in more than four years. The year-on-year rate dropped to 28.8 per cent in June from 31.0 per cent in May.

Hizbollah wins Lebanon seats

Hizbollah won four seats in the latest round of Lebanon's parliamentary elections on Sunday, official results showed. It was the party's first victory in the month-long election process, having lost two seats to government supporters in earlier rounds.

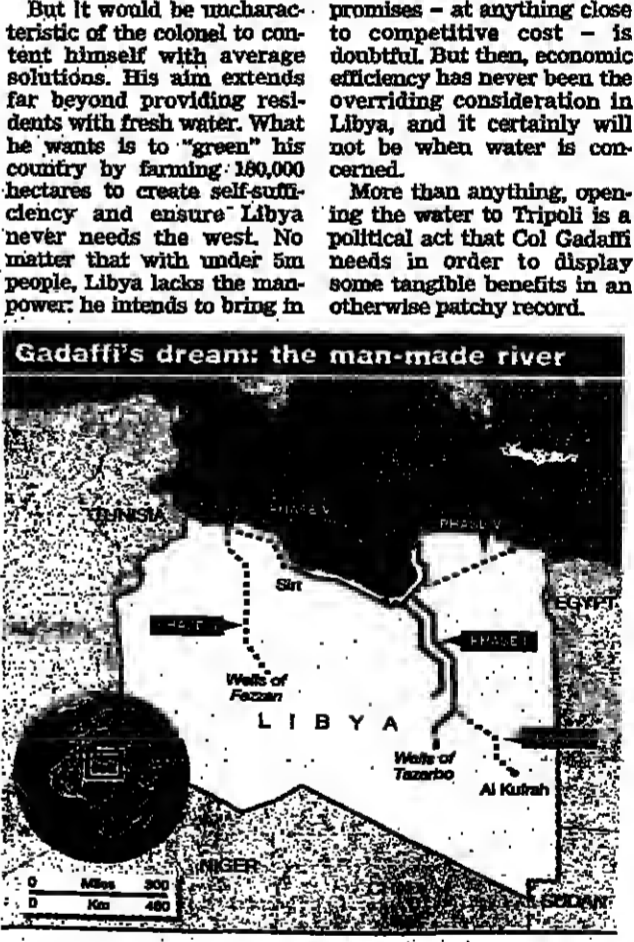
Gadaffi taps desert waters in bid to make a big splash

Roula Khalaf on the Libyan leader's grand ambition

It was a typically flamboyant act by Col Muammar Gaddafi. Flanked by the few African leaders attending the anniversary of Libya's 1969 revolution, Col Gaddafi celebrated this year by ordering water trapped for centuries in the desert to start flowing to Tripoli.

Egyptians to farm the land. Started in 1985, the GMR - if and when completed in the 21st century - should produce 5.6m cubic metres of water a day, 80 per cent of it for agriculture.

Gadaffi's dream: the man-made river



UN move to salvage nuclear test ban treaty set for success

By Michael Littlejohns in New York and Bruce Clark in London
An unusual diplomatic procedure aimed at rescuing the Comprehensive Nuclear Test Ban Treaty from strong objections by India appeared last night to be on track for success.

representative, said his government's stance was consistent with its 40-year diplomatic campaign for nuclear disarmament. New Delhi has said it will only sign the treaty if the existing nuclear states bind themselves to total disarmament under a fixed timetable.

Handwritten Arabic text: مكتبة العربي

India assures foreign investors

By Mark Nicholson in New Delhi

India's three-month-old United Front government yesterday launched an attempt to dispel any "suspicions" that it opposes foreign investment, announcing plans to expand the list of industries in which foreign investors would be granted automatic approval.

The announcement came at a conference which Mr H.D. Deve Gowda, prime minister, said the government had sponsored to remove "this confusion, this suspicion" of his government's attitudes towards foreign direct investment. These suspicions arise from the fact that his 13-party coalition contains leftist and communist parties hostile to foreign investment in consumer goods and other politically sensitive sectors.

Both Mr Gowda and Mr Murasoli Maran, industry minister, made an aggressive pitch for higher levels of foreign investment, which the prime minister described as a "vital imperative" for India. Mr Gowda promised simpler and more transparent approval procedures, and said his government was determined "not to unnecessarily harass investors".

Mr Maran said the United Front aimed to make India's foreign investment regime "as transparent, investor-friendly and attractive" as in other emerging economies. Mr Maran said sectors including infrastructure, agriculture and export-oriented businesses were likely to be added to a list of 26 industrial sectors in which foreign investment up to a stake of 51 per cent was automatically approved. The list, drawn up in the early stages of India's five-year-old reforms, includes mainly heavier input or capital goods industries.

The minister also said India would raise the equity limit on automatic approvals above 51 per cent for some "high priority" industries - a figure of 74 per cent has been mooted - and said he wanted to "increase the feasibility of using Indian subsidiaries as an export platform".

The proposed measures, which are now before cabinet, follow a series of administrative reforms designed by the government to raise and accelerate foreign investment inflows, which in India are modest by comparison to its Asian neighbours.

The United Front has set a target for annual flows of \$10bn, a fivefold rise on last year. Mr Maran said annual flows were just 23 per cent of total approvals.

To help raise this proportion Mr Gowda has already devolved the main approvals agency, the Foreign Investment Promotions Board, from his office to the industry ministry, where Mr Maran has in two months pushed through 350 previously delayed investments worth almost \$4bn. He said he had cleared "the entire backlog" of pending approvals.

Chinese rivals use western press to air differences

By Tony Walker in Beijing



Jiang Zemin (left) and Qiao Guibao offering views about plans to reform the structure of China's communist leadership.

China's leaders rarely air their differences publicly and when they do, it indicates much more than is happening behind the scenes. In the past week, Beijing has witnessed an intriguing example of factional rivals using the western press to amplify contrasting views.

In an interview with the German financial daily, Handelsblatt, Mr Qiao Shi, 71, number three in China's hierarchy and leading reformist, warned of risks to reform from conservative opponents. He also made clear his unhappiness with proposals to restructure the top leadership of the Communist party, including revival of the Mao-era post of chairman.

On the other hand, President Jiang Zemin, 70, sometimes referred to as leader of the "wind" faction, a comment on his shifting views, told the French daily, Fig-

aro, China's economic, social and political reforms were proceeding smoothly.

"China," said Mr Jiang, who is also general secretary of the party, "had paid great attention to correctly handling relationships among reform, development and stability to harmonise and mutually promote the three."

Mr Qiao's reformist faction respects Mr Jiang's mainstream group is more interested in preserving power than in genuine change, hence his observation in Handelsblatt that the greatest threat to reform came from "deeply-rooted" conservative forces.

Mr Qiao, who is president of the Standing Committee of the National People's Congress, the parliament, also took aim at proposed reforms to the party structure, saying: "We must institutionalise our democracy and anchor it in law. We must make sure that the system and laws will not change because of a leadership change or because of changing opinions and changing interests of leading personalities."

This latter represented pointed criticism of proposals which would revive the party chairman's position, which died in the early 1980s, with the aim of further strengthening Mr Jiang's grip on power. Mr Qiao appears to be aggrieved that changes to the party constitution would be required to accommodate the new structure.

Perhaps the sharpest edge to his observation lay in his reference to "changing interests of leading personalities". This was a thinly veiled criticism of a proposal that Mr Li Peng, the outgoing premier, become one of two vice chairmen to a newly created chairman's position. Mr Li is due formally to retire as premier early in 1998 after having served two five-year terms, and at 68 is looking for a new job.

In his criticism of such "jobs for the boys" arrangements Mr Qiao may also have been reflecting con-

cern that Mr Jiang and Mr Li, neither of whom could be described as standard bearers of Mr Deng Xiaoping's reforms, are in the process of consolidating their hold on power at the expense of the reformists.

At least, Mr Qiao's publicly expressed reservations about the proposed new party structure seem to indicate that the reformists feel confident enough to make something of a stand now. The issue will, theoretically, not have to be resolved until the latter part of next year before the 15th Communist party congress due late in 1997, but in reality such issues are usually thrashed out long in advance. This should make for lively discussion in the months ahead.

But Mr Jiang, in his efforts to bolster his position, through revival of the chairman's position, may have overplayed his hand. Mr Qiao clearly is not going to allow such moves to be railroaded through.

Machine orders rise in Japan

Private-sector machinery orders in Japan rose in July a seasonally adjusted 18.8 per cent from the previous month after two months of consecutive decline, the Economic Planning Agency said yesterday. The key orders - private-sector orders minus volatile orders for ships and for machinery used by the electric power industry - amounted to ¥1,195bn (\$10.5bn). The July orders were 22 per cent up on their level the year before.

The agency traced the orders upsurge to the "trend of mild recovery" in Japan's economic activity as well as a ¥60bn order placed by one corporation during the month. If that order is excluded, the month-on-month growth figure would be in the 3 per cent range. *Kyodo, Tokyo*

HK businessman clears decks

Orient Overseas, the Hong Kong shipping group, yesterday moved to clarify dealings with supplier companies, fuelling speculation that its chairman, Mr Tung Chee-hwa, is about to bid for Hong Kong's top government post after the handover of sovereignty to China on July 1 next year.

A statement from Orient Overseas gave details of deals with AIS and Taiwan-listed AIC, which are controlled by Mr Tung's brother-in-law. The family connection means the deals should have been notified to shareholders under Hong Kong's listing regulations.

Orient Overseas said the timing of the announcement was coincidental. But with the contest for the territory's chief executive gathering pace, the move was seen as an attempt to clear the decks for Mr Tung's candidature and to pre-empt criticism. *John Riddling, Hong Kong*

Tokyo reviews bank bailout

The Japanese ministry of finance is to review a bailout plan for a small Tokyo-based financial institution following an embarrassing failure to co-ordinate its rescue. Mr Wataru Kubo, finance minister, yesterday said the ministry had no immediate plans to rescue the troubled Musashino Shinkin Bank, a Tokyo-based credit association.

The ministry has been working on a scheme to support Musashino, which is troubled with bad loans, since February when the bank gave up restructuring on its own and asked authorities for help. Musashino, which operates mainly in the western district of the Tokyo metropolitan area, has ¥95bn in loans of which ¥25bn is non-performing. *Emiko Terazono, Tokyo*

Pakistan devalues rupee

Pakistan's central bank yesterday devalued the rupee by 3.79 per cent, in a move apparently designed to address a worsening trade deficit. After yesterday's development the rupee has been devalued by nearly 8 per cent since January. The devaluation fixes the exchange rate against the US dollar at 36.93 rupees against 35.58 rupees on Monday. Pakistan has a managed exchange rate system under which the central bank announces, on business days, the day's exchange rate against all leading foreign currencies.

No reason for the devaluation was given but it had been anticipated by the financial market in view of stagnant exports and an impasse with the International Monetary Fund over withheld disbursement worth \$160m from a standby loan agreed last year. The trade deficit rose to \$270m in July this year, up from \$96m in June. It increased to \$2bn last year (July 1995-June 1996) from \$2bn a year earlier. *Farhan Bokhari, Islamabad*

Lighthouse with dark side

Michio Nakamoto on Japanese militants in an islands dispute

The young Japanese nationalists who have built a lighthouse on a disputed island in the East China Sea are not being as applauded in Japan as they had hoped. In unaccountable silence the Tokyo authorities have looked on, embarrassed as the initiative has ignited tension with China and Taiwan.

At the centre of the row is the Japan Youth Federation, an ultra-nationalist group whose origins lie in the Japanese underworld. Members of the federation sailed in July to one of the Diaoyu islands (called the Senkaku by Japan), determined to boost Japan's claims to the initiative has ignited tension with China and Taiwan.

speakers attached to black vans. The groups are best known for harassing any politicians and business leaders who have crossed them, and for their loud-speaker rallying cries of *banzai* for the emperor.

Like many ultra-nationalist organisations, the federation - which has about 200 members and is one of the largest rightwing groups in the Tokyo area - has under-world origins. It was set up by a former deputy chairman of the Sumiyoshi-kai, one of the largest organised crime groups, or *yakuza*, in the Tokyo area.



cycle gangs and criminal groups. What has not changed is the nationalists' conviction that they are acting in the best interests of the Japanese people.

Thais plan stimulus package

By Ted Bardack in Bangkok

The Thai cabinet yesterday endorsed a series of measures designed to stimulate falling exports and lower the country's worsening current account deficit. But the minister overseeing economic affairs said the package would have little long-term effect unless government politicians handed over economic management to an unnamed group of technocrats.

The package includes tax cuts to promote personal savings, tariff adjustments for promising industries sectors, the cancellation of quotas, and distribution monopolies on some food and raw materials and slowing down foreign borrowing by the Thai private sector.

Mr Amnuay Viravan, deputy prime minister and foreign minister, said the measures would be implemented gradually. Details of many of the tariff cuts on raw materials and tax breaks for the shipping industry will be revealed today.

But he hinted there could be problems with some of the more contentious or abstract remedies - such as ending a government monopoly on transport from Bangkok port or setting up government-sponsored institutes to improve labour productivity in the food and textile industries - if politicians continued to control the ministries co-ordinating economic policy. "The political sector has to give an all-star team of knowledgeable people all of the responsibility so they can work," Mr Amnuay said.



Philippines 'on course for sustainable growth'

By Edward Luce in Manila

The Asian Development Bank said yesterday that the Philippine economy had shrugged off the danger of a return to the boom-bust cycle which has plagued the country in the past, and was on course for a higher sustainable growth rate.

The conclusions of the report - which follows the news last week that Philippine gross national product rose by 7.1 per cent in the first half of 1996, significantly up on the 5.5 per cent registered in 1995 - were supported yesterday by the International Monetary Fund, which said there was no evidence the economy would overheat.

The IMF, which begins its annual review of the Philippine economy later in the week, was reacting to local reports that the rapid growth in the first six months of the year would be undermined by higher inflation. The inflation rate has dropped from 11.8 per cent in January to 7.9 per cent last month.

"The IMF Board [has] concluded that the boom-bust cycles of the past have been broken and a solid foundation for sustained growth established," said Mr David Nellor, IMF representative in Manila.

"The objectives of raising sustainable economic growth and reducing inflation have been realised."

The ADB, which predicts GNP growth of 6.7 per cent over the next few years, rather lower than independent forecasts, which put the growth rate at 9 per cent by 1998, said the country's four-year reform programme had "dramatically" altered the structure of the economy. In contrast to the early 1990s, more than 75 per cent of Philippine exports were composed of manufacturing goods as opposed to primary commodities such as sugar and coconut oil. Likewise, a comprehensive privatisation drive had turned regular budget deficits into the third consecutive budget surplus by 1995. Foreign debt as a proportion of national income had also plummeted over the same period.

The report warned, however, that failure to push the government's tax reform bill through congress or failure properly to implement fiscal reform once enacted could undo much of the current gains. Failure also to achieve a competitive peso exchange rate, which has appreciated by 13 per cent against the US dollar in real terms since 1993, could undermine the export growth on which the success was based.

"If the peso is allowed to appreciate continuously it might somewhere down the line affect the country's trade balance," said Mr Srinivas Madimur, an economist at the ADB. "It is also very important that the tax reforms are not only legislated but implemented," he added.

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Probably the best beer in the world.

Confident Clinton turns fire on Dole's tax cut plans

By Jurek Martin in Washington
President Bill Clinton sought to drive home his solid advantage over Mr Bob Dole yesterday by directly attacking in a new TV commercial the centrepiece of his Republican opponent's platform, a deep across-the-board tax cut.

voted for a Democratic presidential candidate in 1948 but where the president is now running level with Mr Dole, and then to California, where he already holds a commanding lead.
The tactical purpose is to force Mr Dole, in Louisiana and Tennessee yesterday, to devote time and resources to states which ought to be in his pocket, as well as to the largest state. No Republican this century has become

president without carrying California.
The new Clinton TV commercial, replete with pictures of Mr Dole looking somewhat furtive, questions the Republican's credentials as a born-again tax-cutter, charging that he is "running from his own record".
The voice-over intones: "Dole voted to raise payroll taxes; social security taxes; the '90 income tax increase; \$90bn in

higher taxes. And to help pay for this risky tax scheme, experts say Dole and Gingrich [the House Speaker] will have to cut Medicare, education, the environment."
A spokesman for Mr Dole called the advertisement "garbage" and said it was Mr Clinton who had set "the world record for the largest tax hike in history" - a reference to the 1993 budget act. But Mr Dole himself has

seemed to blow hot and cold on whether to cut taxes or reduce the federal deficit.
This ambivalence is driving some of his more doctrinaire supporters to distraction, particularly after the resignation last week of Mr Mike Murphy, one of the campaign's two advertising experts. He had previously orchestrated three come-from-behind election victories with strong anti-tax commercials.

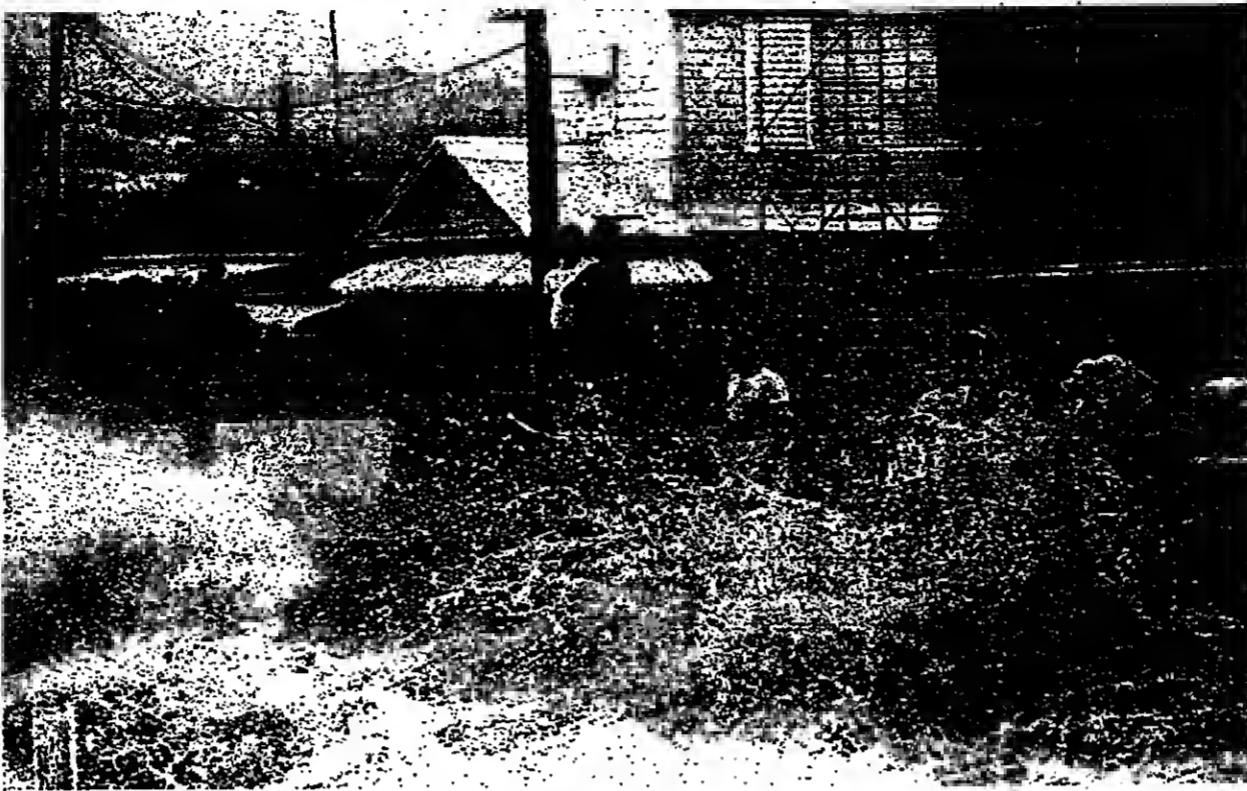
Mr Dole's wider problem over the last week, however, has been to get much publicity for any of his campaign efforts. A combination of the US missile attacks on Iraq and the havoc wrought by Hurricane Fran relegated him to very subsidiary slots in media coverage, seeking for a candidate behind by 15 points with less than two months to go.

The three televised presidential debates, the first scheduled for St Louis, Missouri, two weeks from today, offer the best and perhaps the last chance for him to narrow the gap.
But it is probable he will have to contend with Mr Ross Perot of the Reform party in the first of these - and in his latest TV "infomercials" the Texas billionaire is trying to steal some of Mr Dole's new thunder by also promising to end the Internal Revenue Service "as we know it".

Colombia's vice-president 'sacrifices' job

By Timothy Ross in Bogot
Colombian Vice-President Umberto de la Calle yesterday resigned his post, to permit a way out of the "unusually grave crisis" that, he said, threatens the survival of democracy.
Mr de la Calle sent his letter of resignation to the president of the Senate and read a copy to journalists. Giving up the post, he said, was a sacrifice necessary to allow Congress to choose someone who would be acceptable to the nation as a replacement for President Ernesto Samper.

went into the campaign," said Mr de la Calle. "If this destroys my political future, if it is the last act of my political life, it is a welcome sacrifice. I want to invite the president to make a similar gesture of generosity to the country, and to resign in his turn to allow a renewal of the political leadership of the nation.
"Everyone is tired of the politicians and everything that has happened."
He denied suggestions that his resignation was a prelude to announcing his candidacy for the 1998 presidential election.
"I am not a candidate," he said. "That would be irresponsible, and nor would I be a leader of the opposition. There is no organised opposition here."
He promised instead to work for realistic solutions to the country's problems.



Hortense lashes Puerto Rico

Mr Pedro Rossello, the governor of Puerto Rico, has asked the US federal government to declare the Caribbean island a disaster area, following damage caused by a hurricane yesterday morning, Carate James writes from Kingston.
The designation of a disaster area by Washington would provide emergency aid for the island's 3.5m people, most of whom were left without electricity, water and telephones. The Dominican Republic and the Bahamas were put on alert yesterday as the hurricane, named Hortense, with winds of 80mph, moved through the northern Caribbean.
The hurricane's passage provoked anxiety yesterday in the south-eastern and eastern US in the wake of hurricane Fran, which killed 25 people.
Left: Coastal dwellers watch waves break across their street.

Argentine economic gloom growing

By David Pilling in Buenos Aires
Nearly half the Argentine public believe that peso-dollar parity will be abandoned, while 85 per cent fear the economy will stagnate or plunge deeper into recession, according to an opinion poll published yesterday.
The poll, compiled by Ricardo A. Rouvier & Asociados, reflects the sour mood of many Argentines, who are losing patience with an administration which they suspect is unable to drag the economy from recession or to tackle record unemployment.
Of particular concern to the administration may be the finding that only 8.2 per cent of the 800 people polled believe that convertibility, which pegs the peso to the dollar, will survive. Convertibility, introduced in 1991, is the cornerstone of the government's economic policy and the foundation upon which price stability and economic modernisation has been built.

Scandal hits Mexico opposition

By Leslie Crawford in Mexico City
Mexico's opposition National Action party (PAN) has been hit by a tax-dodging scandal which could undermine its electoral appeal in advance of next year's mid-term elections.
Mr Diego Fernandez de Cevallos, a former presidential candidate and the PAN's strongest card for the 1997 mayoralty race in Mexico City, was accused by a rival last week of owing more than 1m pesos (\$124,000) of

back taxes to the municipality of Acapulco.
Mr Roberto Campa, of the ruling Institutional Revolutionary party (PRI), also accused Mr Fernandez de Cevallos of acquiring properties illegally.
The allegations are particularly damaging to the PAN, which has built a reputation for moral rectitude and clean government.
Mr Fernandez de Cevallos has fought back, calling the allegations "a dirty pre-electoral game". But the opening salvo of what promises to be

a heated contest for the capital hit its target: he admitted he owed back taxes in Acapulco, although he denied any impropriety with regard to his real estate business.
Before the scandal, opinion polls consistently showed the PAN winning the mayoralty race in Mexico City with almost three times the votes cast for the PRI. Mr Fernandez de Cevallos was the most popular choice for mayor, with 46 per cent of voter preferences, according to a poll by Indemerc Louis Harris in

August. The elections in 1997 will be the first in which Mexico City will vote for its own mayor. The position until now had been held by a presidential appointee.
Most observers believe Mr Fernandez de Cevallos's tax affairs have all but disqualified him for next year's mayoral race. The PAN, which has made huge electoral gains from the economic crisis and corruption scandals that have dogged the PRI, now governs in 218 cities and four of Mexico's 31 states.

Privatised dam plan criticised

By David Pilling
It would be economically foolhardy for Argentina to privatise the 3,000MW Yacret hydroelectric dam, according to a report by the nation's general audit office.
Privatisation of Yacret, whose enormous budget overrun prompted President Carlos Menem to term it a "monument to corruption", still requires approval from Argentina's lower house and from the Paraguayan parliament.

In the long term, Argentina could recoup more of the \$8m it has already sunk into the uncompleted project by finishing the dam itself and selling electricity domestically and to Brazil, the report said.
The plan to privatise Yacret, which is jointly owned with Paraguay, calls for the granting of a 90-year operating contract and the advanced sale of electricity. The privatisation has been approved by the senate, in spite of strong objections from members of the opposition Radical and Prepaaso blocs.
Opponents of the privatisation argue that it would sacrifice Argentina's long-term interests for immediate cash.

Financial Highlights as of 30 June 1996. Table with columns for 30 June 1996 and 30 June 1995 (US\$ million). Rows include Total assets, Total loans and advances, Marketable securities, Placements with banks and other financial institutions, Deposits from customers, Deposits from banks and other financial institutions, Total capital resources, Shareholders' funds, Pre-tax profits (Jan-June).

Wal-Mart bans Crow album

By Christopher Parkes in Los Angeles
The latest pop album by Sheryl Crow, a top-selling singer with a record for sweetness and light, has been blacklisted by Wal-Mart, the biggest retailer in the US.
Although retail bans on violent, foul-mouthed or overly sexual material are relatively common, the 2,300-store chain has taken exception to a verse in an anti-violence song, "Love is a Good Thing".
The bad thing about the track is the refrain: "Watch out sister, watch out brother, watch our children as they kill each other with a gun they bought at the Wal-Mart discount store."
Making no allowance for poetic licence, Wal-Mart said it could not contemplate selling a record which contradicted everything it stood for.

declined to be drawn into a public battle with Wal-Mart, although executives said they believed the chain had made "a mistake".
Sales of the album, which goes on sale in the US this month, are expected to be strong regardless of the retailer's decision. Ms Crow was last year named best new artist in the Grammy music industry awards while her international hit "All I Wanna Do [is have some fun]" was chosen as best pop vocal of 1996 and record of the year.
Hopes remain high of a similar reception for the first single to be released from her new album: "If it makes you happy".
Wal-Mart's reaction follows efforts by the group to tighten up on gun sales in the wake of criticism and lawsuits. Although it still sells rifles over the counter, hand-guns were withdrawn from the stores in 1994 and restricted to mail order sales.

Move to ease Surinam fears

Canute James reports on a president-elect with military links
Mr Jules Wijdenbosch, Surinam's president-elect, is negotiating with the country's political parties to create a broad-based government in the hope of easing concern in the US and the Netherlands that his election has returned control of the country to a former military dictator.
Mr Wijdenbosch, who is to be sworn in at the weekend after his election by parliamentarians and regional and municipal councillors, is an associate of Mr Desi Bouterse, a former army strongman who staged two coups and who headed the military government in the former Dutch colony in the north-east of South America.
Mr Wijdenbosch will replace Mr Ronald Venetiaan, who has been president since 1991, when foreign pressure forced the military to allow elections for a civilian government.

Mr Wijdenbosch, however, has promised a "broad" government, saying he will consult all sectors in planning government policy. But there is uncertainty about how the election of Mr Bouterse's aide would be received by former rebels who fought an unsuccessful six-year guerrilla war against the junta.
The rebel group, the Jungle Commando, was disbanded after a truce with the government in 1992, but its former members recently said they would resume the conflict if a new government violated the agreement. Mr Ronny Brunswijk, who led the rebels, said he was "disappointed" by Mr Wijdenbosch's election.
The election of Mr Wijdenbosch, however, has political influence back in the hands of Mr Bouterse, diplomats in Paramaribo, Surinam's capital, have said. They expect the new president to be Mr Bouterse's proxy, and suggest that he will overturn several of the economic policies implemented by Mr Venetiaan.



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Mr Venetiaan's deregulation of the economy, including a structural adjustment programme, eroded the administration's popularity, with billowing inflation and the collapse of the Surinamese guilder. The economy, based on agriculture (bananas, rice and fishing) and on bauxite mining and refining and aluminium smelting, has been contracting.

Advertisement for Arabian Bank. Includes logo, contact information (ABC Tower, Diplomatic Area, P.O. Box 5698, Manama, Bahrain), and the slogan 'An Arabian Heritage. An International Vision.'

Vertical text on the right edge of the page, including 'US car', 'Ford de', 'there's', 'in 'irrel', 'fan car', 'Asian fa', 'row flar', 'SAS rejects', 'WTO effects', 'WTO effects', 'WTO effects', 'WTO effects'.

مكتبات الامارات

US calls the shots on Heathrow slots

Michael Skapinker reports on the murky business of dealing in airport landing rights

What, a senior US official was asked recently, does the UK have to do to conclude an "open skies" agreement with the US? "They just have to get it," was the reply. This means the UK must understand, and deliver, what the US is demanding in return for US approval of the proposed alliance between British Airways and American Airlines. The UK's failure to do so was the reason behind the collapse of bilateral negotiations last month.

The US wants free access to London's Heathrow airport for its carriers. But declaring Heathrow open to all would not be enough, the US says. US carriers must

have enough slots to ensure they can run services to Heathrow.

This presents two difficulties for the UK. Heathrow is heavily congested and the government has no control over the allocation of slots. These are granted, under EU and international rules, by a company called Airport Coordination Ltd, owned by nine UK airlines.

US officials and airlines show little sympathy. It is for the UK government to find a solution, they say. Mr Robert Ayling, BA's chief executive, recently proposed that US airlines wishing to use Heathrow should buy slots at the airport.

The best way to allocate slots is to treat them like any scarce resource and allow people to pay the market price for them, he says. When American took over TWA's Heathrow routes in 1981, it paid \$400m for them.

US airline executives are unenthusiastic about paying for rights they think they should receive free. Another problem with the suggestion is that it is not clear whether it would be legal. The word "slot" most often means the existing buying and selling rights with lawyers and regulators is "murky". Everyone in the industry agrees that it happens, but the process and the sums are shrouded in secrecy. "They don't put slots up for sale in Exchange

and Mart," says Mr Mark Franklin, an aviation specialist London solicitor. Exchange is Chisholm, Ince & Co.

Control of slot allocation is a regular meeting of co-ordinators and airlines hosted by the International Air Transport Association; the next will take place in Vancouver in November. Airlines put forward their demands and trade slots with one another. The exchange of slots, without money changing hands, is legal.

The slot co-ordinators continue the process of trying to match slots with airlines when they return home. Once an airline has been awarded a slot, it can hold it indefinitely, provided that it uses it for at least 80 per cent of the time for which it is allocated.

Under EU regulations, 50 per cent of newly generated or returned slots must be allocated to new entrants. At Heathrow, this would favour US airlines which cannot use the airport at present. Under bilateral arrangements, American and United Airlines are the only US carriers permitted to use the airport.

Heathrow has increased the number of aircraft arrival and departures to 420,000 a year from 381,000 in 1989 by using its runways more efficiently. However, a UK Civil Aviation Authority

EU removes suspect Italian cheese from shelves

By Andrew Hill in Milan

The European Commission said yesterday that all suspect Italian mascarpone cheese had been withdrawn from sale in the European Union, following the death of an Italian teenager and several cases of severe food poisoning linked to consumption of the cheese.

The Italian health ministry last week withdrew from sale mascarpone - widely used in the popular Italian dessert tiramisù - manufactured at the Reggio Emilia factory of Giglio, controlled by Parmalat, the dairy products group.

The move followed an outbreak of botulism in Naples, which led to the death of a 15-year-old boy at the weekend.

The US Food and Drug Administration has also warned consumers that Italian-made mascarpone cheese sold under the Giglio, Parmalat and Sol di Valle brands could contain the bacterium responsible for botulism.

Parmalat said yesterday that no Parmalat employees and none of its own branded mascarpone were involved and underlined that mascarpone sales accounted for only a tiny proportion of its overall turnover.

Parmalat "only has financial control over Giglio, [which] has an autonomous production, management and marketing activity," the group said.

The Italian association of dairy producers joined Parmalat and Giglio yesterday in pointing out that the botulism bacterium

Ford decides there's money in 'irrelevant' fun car market

By Haig Simonian, Motor Industry Correspondent

The European market for small, predominantly urban, "fun" cars, such as the Renault Twingo and Fiat Cinqcento, moves from niche to mainstream today with the launch of the Ka, Ford's Spanish-built compact hatchback.

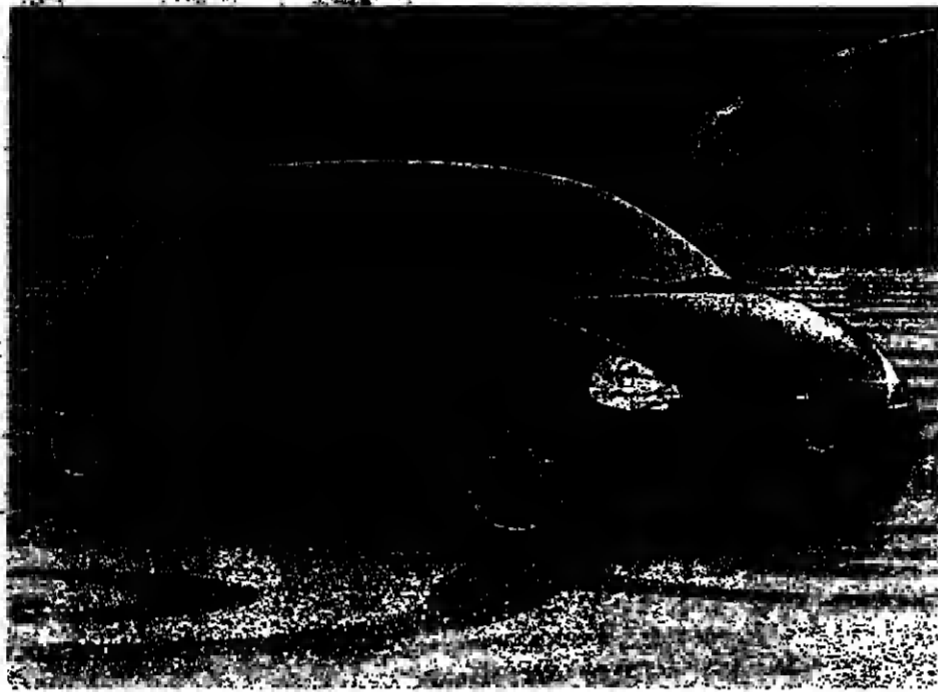
Designed to slot in below the Fiesta in Ford's five-model European-built range, the Ka represents a significant vote of confidence by a leading manufacturer in a market segment once dismissed by many carmakers as irrelevant.

Instead of having a limited appeal among smart urbanites or financially strapped singles, sales of the Twingo and the Cinqcento have exceeded expectations. Fiat has sold about 600,000 Polish-built Cinqcentos since the launch in 1992. Sales of

the Twingo, which is built in France and Spain, have reached about 500,000 since its introduction in March 1993.

The success of both models has prompted other carmakers to re-examine the small hatchback segment. Volkswagen is expected to launch a shortened version of its highly successful Polo hatchback, probably under its Spanish Seat brand, by the end of next year. General Motors is thought to be working on a smaller version of its Corsa compact hatchback to be powered by an innovative three cylinder engine.

Although the Ka is appreciably bigger than the Cinqcento and has a much larger 1,300cc engine than both the Fiat and Renault models, it is expected to compete for much the same customers in western Europe. Ford says it has no immediate plans to sell



Ford's Ka: the multinational has entered the mini-car sector with a distinctive design

the Ka outside Europe.

Production of the new vehicle, to be built at Ford's Valencia plant, is expected to reach about 200,000 units a year at full tilt. The Ka will go on sale after the Paris motor show in October.

The vehicle's striking design reflects the new strategy of many carmakers of producing distinctive vehicles to create greater brand awareness. Ford is

also stressing the new car's environmental friendliness through its compact dimensions, fuel economy and the fact that many parts will be recyclable.

Such features have contributed to the image of mini-cars such as the Twingo and the Cinqcento as examples of style over substance. Renault admits that a relatively large proportion of Twingo sales have been of high-margin option-

OECD Export Credit Rates

The Organisation for Economic Co-operation and Development announced new minimum interest rates (7% for officially supported export credits) for September 15 1996 to October 14 1996 (August 15 1996 to September 14 1996 in brackets).

D-Mark	6.46 (6.60)
Ecu	6.38 (6.45)
French franc	6.63 (6.67)
up to 5 years	6.15 (6.15)
5 to 8.5 years	6.80 (6.90)
more than 8.5 years	7.00 (7.00)
Italian lira	6.57 (6.47)
Yen	3.10 (3.10)
Pounds	6.22 (6.11)
Sterling	6.22 (6.22)
Swedish krona	5.73 (5.21)
US \$ for credits	7.21 (7.45)
up to 5 years	7.39 (7.64)
5 to 8.5 years	7.52 (7.76)
more than 8.5 years	7.52 (7.76)

These rates are published monthly by the Finance Ministry in the middle of the month. A premium of 0.2 per cent is to be added to the credit rates when being at risk. Interest rates may not be fixed for more than 120 days.

Asean farm row flares up

Efforts by south-east Asian countries to accelerate economic integration are being overshadowed by the return of an old internal dispute over agricultural commodities. The dispute emerged in meetings of officials this week in Jakarta before today's gathering of economic and trade ministers from the Association of South-East Asian Nations (Asean).

The ministers had planned to press ahead with regional economic integration with discussions on an Asean investment area, liberalisation in services, a customs harmonisation agreement and agreement on a dispute settlement mechanism. But Indonesia and the Philippines called for a delay in including farm products in the Asean Free Trade Area (Afta), the centre-piece of regional economic co-operation.

Their proposal could allow them to maintain some farm protection arrangements until 2020, the overall deadline for regional free trade established by the Asia Pacific Economic Co-operation forum.

Greg Earl, Jakarta

SAS rejects Virgin criticism

Scandinavian Airlines System yesterday rejected criticism by Britain's Virgin Group that it had illegally cut prices to compete on the Copenhagen-Brussels route. SAS, which has 10 daily flights on the route, recently lowered its fares on three departures after Virgin Express began servicing the route with prices 50 per cent below both SAS and Sabena Belgian World Airlines, the only other airlines to fly the route.

Virgin Express president Richard Branson said he would report SAS to the European Commission, arguing that the Scandinavian company cut its prices only on Virgin departures that coincided directly with those of Virgin Express. SAS said it had used normal business methods and did not see anything wrong with fighting competition with lower prices. "Virgin Express is always talking about how they want competition, and that's exactly what we're offering now," said Mr Hans Ollengren of SAS. "We have chosen (to reduce the fares on) those flights where we have lots of space in the plane. It's not about trying to ruin Virgin."

APX, Stockholm

WTO ejects banana lawyers

The World Trade Organisation dispute panel on the European Union's banana import regime yesterday expelled from its hearings three private-sector legal specialists appointed to represent the Caribbean banana-producing countries of St Lucia and St Vincent. The panel took the decision after objections from the US, and the other complainants in the dispute, Ecuador, Guatemala, Honduras and Mexico, that the three were not permanent government officials.

Under rules established by Gatt, the WTO's predecessor, attendance at panel proceedings is confined to government representatives, though private lawyers often advise governments on the preparation of their case.

Mr Phillip Lee, a Dublin-based trade lawyer and one of those ejected yesterday, said the panel's decision was an affront to due process. It also had "enormous systemic implications" for the WTO, by denying proper representation in dispute hearings to small nations unable to afford specialist in-house expertise. Caribbean producers are already smarting from the panel's refusal to grant them full participation in panel proceedings, even though their vital economic interests are at stake. The dispute is over preferential access to the EU for high-cost bananas from the Caribbean.

Frances Williams, Geneva

Big test for Ukraine privatisation policy

Foreign investors are watching the sale of its most valuable asset, writes Matthew Kaminski

The Mykolayiv Alumina Factory, the dominant raw material supplier for Russia's - and the world's - two biggest aluminium smelters, stands apart from Ukraine's many industrial white elephants.

Near the Black Sea, the company, known by its Ukrainian initials as MGZ, supplies half the alumina processed each year at Russia's privately owned Bratsk and Krasnoyarsk smelters, thousands of miles away in Siberia.

"It is the top company in Ukraine," says Mr Yuri Yehanurov, head of the state property fund, Ukraine's privatisation agency, which in July announced that it would be put up for sale, along with 207 other companies.

High aluminium prices and a seller's market in Russia yielded profits last year of \$30m on revenues of \$225.5m. Its value has been estimated at between \$1.5bn and \$2bn but it is likely to be sold for less than that.

The proposed sale pits insiders against eager outside investors in a cross-border battle that reveals some of the intricate business relationships developing in countries of the former Soviet Union.

The factory's management backed privatisation last year, assuming that directors and the workers' collective would retain control. But several foreign companies have expressed an interest. Ukraine officials say.

Trans-World Metals, a London-based company that has been active in the former Soviet Union, has been the most visible. Trans-World operates as a sort of middleman, applying Bratsk with the bulk of its raw materials, some of it from MGZ, and buying aluminium from the Russian smelter. It also holds an equity stake in Bratsk which it would like to

strengthen.

But last year Bratsk suffered when MGZ supplied only 350,000 tonnes of a promised 500,000 tonnes. Market analysts say MGZ refused to sell to Bratsk when alumina was in short supply in an effort to weaken Trans-World's control over the smelter.

MGZ itself wants control over Bratsk, claiming it already owns 20 per cent. Mr Vitaly Meshin, the director of MGZ, says it can claim that share holding as collateral on contracts not yet

paid for.

Mr Meshin considers Trans-World his biggest threat: "I don't want to think they could take control of Mykolayiv." But his efforts - backed by a worker collective anxious about job security - have been frustrated. MGZ management could not carry out a proposed share swap with Krasnoyarsk, the other smelter with which the company recently concluded a long-term supply agreement that would have enabled it to retain ownership - because it is not allowed under current Ukrainian law.

Mr Meshin also wanted to lock MGZ into a financial-industrial group either with Bratsk or Krasnoyarsk. The idea of such groups is to give tax breaks to interdependent former Soviet behemoths that recreate the old supply networks.

But the champion of such

PUBLIC NOTICES

TOURISM MARKETING CO-OPERATION

Tourism Brand Ireland is a tourism industry initiative being set up at the request of Mr. Ende Kenny TD, Minister for Tourism and Trade to create, launch and manage a new and innovative brand for Ireland tourism. This project is being co-ordinated by the Irish Tourist Board on behalf of the Irish tourism industry.

We are now inviting suitable applicants, ideally from the following relevant industry sectors, who are interested in promoting their brand in association with Tourism Brand Ireland:

- Photographic Film Products
- Giftware
- Beverages
- Financial Services
- Petrol Retailing

Applicants should be companies with at least one international brand in their product portfolio with a significant presence in Ireland and at least three of the following markets: USA, Britain, France, Germany.

- The Benefits:**
- One or more of the following benefits will be made available to successful applicants. It is expected that only one applicant per category will be successful:
 - Co-operative use of Tourism Brand Ireland visual identity.
 - Strategic association with Tourism Brand Ireland.
 - Product placement opportunities as appropriate.
 - Below-the-line promotion.

Application Requirements:

All interested parties should submit no more than a 2 page document focusing on their nominated brand, detailing the following points on or before Wednesday, 18th September:

- 1) Annual marketing spend - global and by key markets.
- 2) Market share indicators in industry sector.
- 3) Market presence world-wide - list markets, significance of markets and relevant market share indicators.
- 4) Key target markets - list by priority.
- 5) Relevance of tourism consumer to the brand.
- 6) Annual relevant published company accounts.
- 7) Consumer positioning of the brand i.e. brand positioning statement, brand essence, etc.

This information will be treated in strictest confidence.

Selection Process:

Based on a review of the above submissions by a team of independent consultants, a shortlist of potential partners will be invited to proceed to the next stage of the selection process. It is intended that final selection of partners will take place during October.

Applicants should be submitted to:

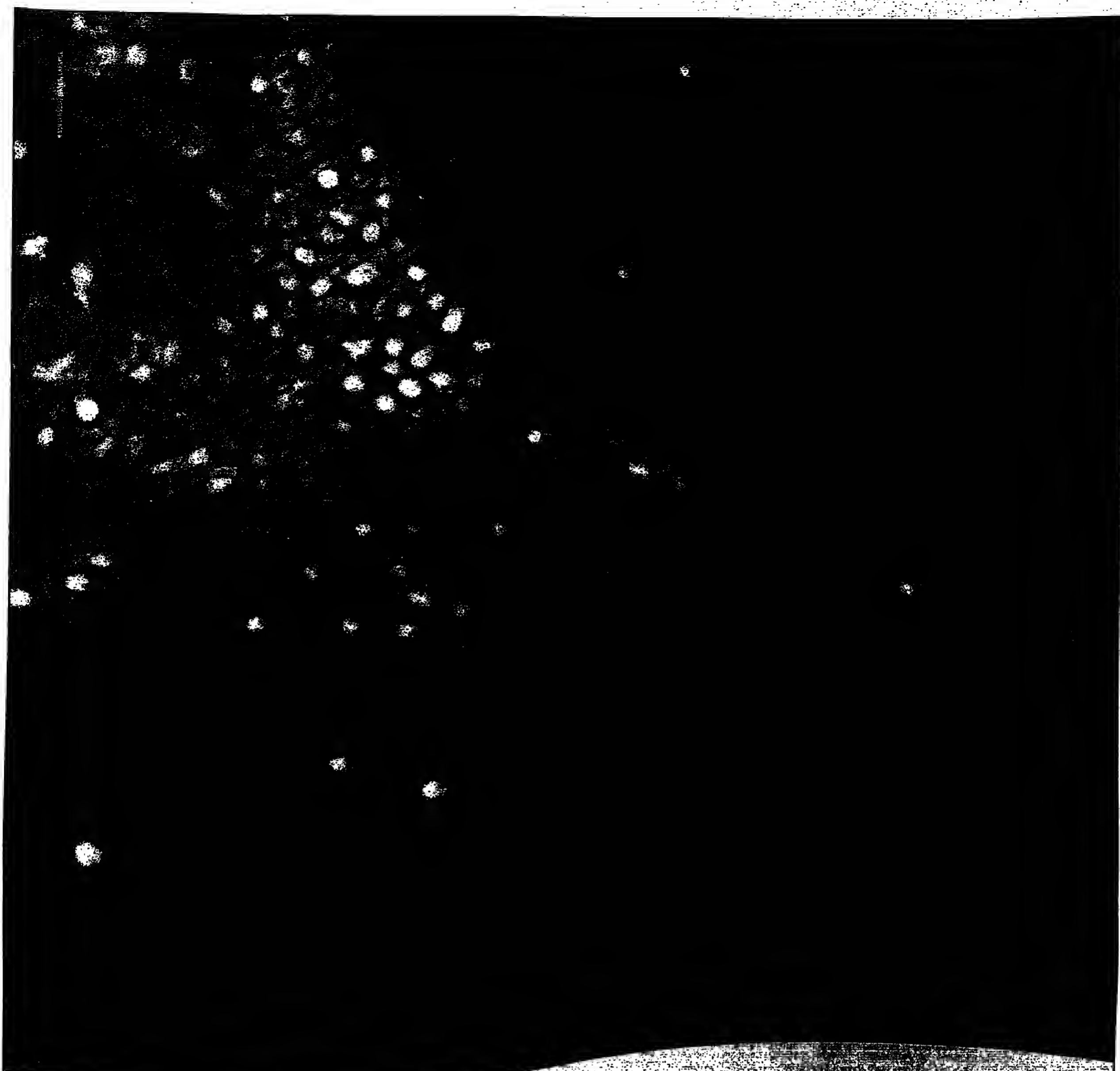
Tourism Brand Ireland,
c/o Mr. Pat Talbot,
Ernst & Young,
Ernst & Young Building,
Elvestown Street,
Dublin 2, Ireland.
Fax: 353 1 475 6593.



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هناك دائما سبب لرحلة الطيران

N Ireland wins £68m US investment

By John Murray Brown in Dublin

Seagate Technology, the US computer electronics company, yesterday announced a £68m (\$106m) investment in Northern Ireland.

The company, which already makes read-write heads for compact disc drives in the city of Londonderry, is also to occupy a factory in nearby Limavady. The Limavady unit was previously occupied by Benelux, a Hong Kong company which was forced

to close its compact disc computer operation last week.

The investment at Limavady underlines Northern Ireland's continuing attraction in spite of uncertainties over the prospects for a political settlement of the troubles in the province.

The factory will begin production in July next year, creating 750 jobs over the next two years, producing substrates for the manufacture of computer disc drives.

Seagate is to receive a £34.2m grant from the British government's Industrial

Development Board for training and research and development.

The Northern Ireland Industrial Development Board said yesterday it expected to write off £7.2m of the £10.2m invested by the UK government in the Benelux project. Mr Bruce Robinson, IDB chief executive said: "It is a major loss of public money."

Mr Bill Selvig, vice-president of Seagate Technology Recording Media Group, said the Limavady decision was "influenced by the positive

experiences of our sister operation in Londonderry". He also said the company was impressed by the co-operation between business, universities and the public sector in Northern Ireland.

The Limavady plant is the company's first substrate facility in Europe making the core material on which computers read, write and store digital information.

The products will be shipped from Limavady to Seagate's plant in Singapore to be finished.

The announcement comes

against a background of mounting frustration at the slow pace of political talks.

Mr Bill Tooh, head of the Northern Ireland Confederation of British Industry, yesterday accused the politicians of not giving sufficient attention to the business community.

Mr Tooh told a lunch in Belfast for 200 executives and guests, which included IDB president Sir Colin Marshall. "It is essential that we continue to keep hanging home the message to both government and politicians

that, for the economy to grow to its potential, we need political stability."

● A US electronics company which manufactures memory products is to open its first European plant at East Kilbride near Glasgow, Scotland, creating 245 jobs, James Burton writes.

California's Smart Modular Technology will build an £2m plant to supply both European and US companies which sell to the European market.

Edward Mortimer, Page 12

UK NEWS DIGEST

Mitsubishi plans City complex

Mitsubishi Estate, the Japanese property company, is to submit new proposals for the redevelopment of Paternoster Square, adjacent to St Paul's Cathedral in the City of London.

By decision spells the end of plans supported by Prince Charles for a neo-classical office development on one of the UK's most sensitive urban sites.

The existing development was built in the 1960s after the area was heavily bombed in the second world war, but has been widely criticised for many years.

Mitsubishi has appointed a five architects to design new buildings for Paternoster, which is the largest single development site in the City and has potential to accommodate up to 65,000 sq m of shops and offices.

In the late 1980s Prince Charles in effect blocked plans for a modernist redevelopment which he described as "deeply depressing". A new planning application is expected to be submitted by the end of the year to the Corporation of London, the City's local authority. *Simon London*

AEROSOLS

Output outstrips European rivals

Aerosol output in Britain increased by 20 per cent last year to a record 1.2bn units because of greater concentration of manufacturing by multinational producers, the British Aerosol Manufacturers' Association said yesterday.

The positive 1995 UK figures compare with a 9 per cent production decline in both Germany and France, the biggest aerosol producers in Europe after Britain.

"The healthy UK production figures are due to world leaders... choosing to centralise their production in this country," said Ms Sue Rogers, director of the BAMA.

"This is a result of the European single-market in action," she said.

Companies that have centralised production in the UK include Gillette, Reckitt & Colman, Procter & Gamble and Elna Fabergé.

"These companies have favoured the UK because we have the biggest aerosol home market in Europe, while at the same time the British economy has encouraged inward investment," said Ms Rogers. UK exports have risen from 10 per cent of production in 1994 to 36 per cent last year.

Alexandra Capelle

FISHING QUOTAS

Labour would contest claims

The opposition Labour party said yesterday it would contest claims by Spanish fishing vessel owners for as much as £10m in compensation from the UK if it won the next election.

The controversial Spanish case, which opened in the High Court yesterday, will not be heard in full until after the election, in June or July next year.

The vessel owners are claiming compensation for losses incurred when they were unlawfully excluded from British waters between 1989 and 1991. As "quota-hoppers" - fishermen from outside the UK registered in Britain to take up national fishing quotas - they are fiercely resisted by the UK fishers.

Labour's fisheries spokesman, said Labour would fight the case, but added: "We very much hope we can reach a settlement." He said Labour would support the government in 1998 to deal with quota-hoppers by limiting fishing licences rather than by national restrictions in the Merchant Shipping Act.

Alison Maitland

VALUE ADDED TAX

Budget may target loopholes

The Treasury is preparing to close value added tax loopholes after discovering that millions of pounds of revenue have been lost because companies have become more adept at exploiting them.

A joint study launched early this year by the British Chambers of Commerce and the Treasury has concluded that an average in corporate tax "planning" is a key reason for the recent shortfall in VAT revenues. In the 1995-96 financial year alone, for example, the revenue was some £2m (\$7.8bn) lower than they had been forecast 18 months earlier.

The study's conclusion will increase the pressure on the government to use the next national Budget in November to try and restrict some tax schemes - particularly on VAT.

Mr Mike Fountain, head of VAT at Coopers and Lybrand, the accountancy firm, said that while businesses would not be too worried about any moves to stop tax avoidance "they would be concerned at anything which restricted their ability to legitimately plan for tax".

Gillian Tett and Jim Kelly
Editorial Comment, Page 13

PRIVATISATION

AEA Technology price announced

The government yesterday published a price range for the flotation of AEA Technology which would enable it to raise between £18m (\$29.5bn) and £22m from the September 26 placing. A price range of 240p to 270p is in line with previous estimates that the company - whose activities range from decommissioning nuclear reactors to measuring air quality - would raise about £200m.

Based on analysts' forecasts of earnings per share of 18.4p in the year to March 1997, this range makes for a prospective price-earnings ratio of 13 to 14.7. Although it is comparable to a p/e ratio of 14 for the market as a whole, it represents a discount to the multiple of 20 for the support services sector.

Mr Nyeen Scott-Malden, analyst at investment bank EZW, said: "The company is an unknown quantity whose improved results have come not from sales growth but cost-cutting."

A final offer price and details of how shares will be allocated will be published on September 26. *Layla Boulton*

Price wars hit railway operators

By Charles Batchelor
Transport Correspondent

The price wars which have become an established feature of the airline and ferry markets have broken out on the railways, as the newly privatised train companies begin to flex their commercial muscles.

There is every sign that price competition - limited at present because many railway managers are unfamiliar with marketing techniques - could spread to more routes if the early campaigns succeed.

After nationalisation of the old railway companies in the 1940s, rival services were not encouraged to compete on price because this was seen as not producing any benefits to the network as a whole.

But now that the network has been broken up and privatised, this is no longer a constraint, and marketing specialists can deploy their skills. The density of the rail network means that many travellers could take a variety of routes depending on whether speed, price or a scenic journey were the priority.

The company pushing its new competitive freedom the furthest has been Network SouthCentral, now owned by the French utility GCEA. It has launched a campaign on the line from Gatwick airport attacking the rival service run by Gatwick Express, now owned by the National Express bus group.

SouthCentral advertisements highlight the fact that the Gatwick Express does not run through the night, does not stop at intermediate stations and is more expensive.

Gatwick Express is countering with "cornets" of 10 tickets at a low price and is offering discounts of up to one third for groups. It is also planning 24-hour operations.

Other companies are engaged in competing not with each other but with airlines. The West Coast and East Coast InterCity companies which run trains from London to Scotland are engaged in a price war with EasyJet, the cut-price company which offers a £29 (£42.34) single fare between Scotland and Luton Airport.

The rail companies have responded with a £29 return fare between London and Scotland, knocking 25 off the cheapest return previously available.

East Coast hit back with a £140,000 advertising campaign in Scotland for its cheap fares and a complaint to the Advertising Standards Authority that EasyJet was not telling travellers they would also have to pay £5 in airport tax.

The Central Rail Users' Consultative Committee, a passenger watchdog, said it welcomed promotions as long as any restrictions on the availability of low-cost fares were made clear.

● The Go-Ahead Group, a large UK bus company, and a management team from Thames Trains are poised to win a franchise to operate the train company which runs services from London Paddington and Gatwick Airport north-west to Oxford, Stratford-upon-Avon and Worcester.

If the bid is confirmed Go-Ahead will be the fifth bus group to acquire a rail franchise after earlier successful bids by Stagecoach, Prism Developments, FirstBus and National Express. Go-Ahead holds a 65 per cent stake in Victory Railways, a newly formed company set up by rail managers to make the bid. Nine of the 25 franchises created from British Rail have been sold. Bids have been invited for a further 10.

Trade unions urge country not to 'sulk on the sidelines' over single currency

Membership of monetary union backed

By Robert Taylor,
Employment Editor

Britain must join a single European currency and not sulk on the sidelines, the Trades Union Congress said yesterday as the unions committed themselves to UK membership of any future European monetary union.

The TUC's decision, at its annual conference in the northern town of Blackpool, underlines its belief that the future of trade unions in Britain lies through a deepening of its close involvement in the European Union.

Mr John Edmonds, the GMB union general secretary, speaking for the TUC general council position, told delegates yesterday they had "to live in the Europe of the single currency so we had



GMB union's John Edmonds: 'let's take the tough option and go in (to the single currency)'

better have a say in writing the rules".

He added however that the TUC backed the EU timetable for a single currency "without enthusiasm". The TUC believes the timetable to create monetary union is too fast and the government should try hard to slow it down. But Mr Edmonds said: "That strategy may fail. So what do we do if the timetable goes ahead as planned? Then, the UK is between a rock and a hard place."

He said the UK faced two options. The first would be to stay out of the currency and try to exploit the freedom this would provide for sterling. However the TUC believed this would be unrealistic. "Germany" and France have made it crystal clear any European Union

Labour party softens stance on unions

By John Kampner and Robert Taylor

The opposition Labour party last night toned down proposals for curbs on strikes in public services after behind-the-scenes pressure from trade union leaders.

At the end of a day of confusion at the Trades Union Congress conference Mr Tony Blair, the party leader, said he would not impose arbitration or re-balloting in

disputes. Earlier, however, both Mr Blair and Mr David Blunkett, Labour's spokesman on education and employment, had struck a tougher note, refusing to rule out legislation to bring recalcitrant unions to heel.

The Labour leadership has been worried that recent strikes on the London Underground and in the postal services had shown the governing Conservative party to make electoral capi-

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APPLICABLE

BUSINESS AND THE ENVIRONMENT

In the eye of the storm

Victoria Griffith on a computer which can pinpoint hurricanes

When Hurricane Bertha ripped through the North Carolina coast earlier this summer, the National Hurricane Center in Miami was delighted. The Center was not indulging in *schadenfreude*, but was applauding the accuracy of its forecast. While meteorologists are typically 100km or more out, Bertha made landfall within several kilometres of the predicted location.

Hurricane Fran, which devastated the North Carolina coast last weekend, and Edouard, which scraped New England in early September, hit within 50km of the predicted points.

A new computer programme, called the GFDL model after the US Geophysical Fluid Dynamics Laboratory where it was developed, takes most of the credit for the better forecast.

The model has improved hurricane predictability by 20 per cent, according to its main user, the National Hurricane Center. "That's as much improvement as we got in the preceding 20 years," says Naomi Surgl, research meteorologist at the Center.

The GFDL was designed in the late 1980s for research purposes but its users noticed that it provided superior storm-tracking capability. Since becoming operational in July 1995, the system has provided surprisingly accurate predictions.

The adoption of GFDL promises big economic savings because its greater precision should encourage people to prepare for storms. It costs at least \$1m (£640,000) per mile to enforce an evacuation, according to Walter Peacock, a professor specialising in hurricane damage at Florida International University. The figure mainly represents lost business as workers and tourists flee.

"If predictions are more accurate, they'll be taken more seriously," says Peacock. "By boarding up and using shutters,

you can avoid some damage." He adds that additional lives would be saved, were residents and visitors to pay more heed to evacuation orders.

The GFDL is a big step forward from old climatological models, which use historical data to predict a hurricane's path. "The problem is that a hurricane's path usually has nothing to do with historical information," says Robert Tuleya, one of the developers of the computer programme at the Geophysical Laboratory.

The new model also beats more recent programmes which track real-time data. In the past, meteorologists lacked the computer power needed to process information about the storm. The GFDL resolves that problem by concentrating the computer's capability on the hurricane's centre rather than the surrounding areas.

The GFDL's forecasting capacity is set to be boosted further. The National Hurricane Center is about to launch a new hunter aircraft to fly over storms. It can reach 45,000ft and will gather data by releasing small computers into the storm winds.

"One of the main problems in hurricane prediction is that they tend to form in the middle of the ocean, where we have no meteorology bases," says Surgl. "With more data, the GFDL should perform even better."

But the GFDL does not address all the problems of hurricane forecasting. One of the most important challenges, for instance, is predicting strength as well as direction. Its shortcoming in this area was made clear one week ago when Edouard weakened into a mild storm before hitting the Massachusetts coast.

Even with better prediction, hurricane damage will not be avoided completely. "The biggest problem occurs many years before the storm strikes, with poorly-constructed houses and buildings," says Peacock. "No computer programme will eliminate human stupidity."

This was an industrial museum, if not a graveyard," says Cees van Lede, chairman of Akzo Nobel, the Dutch chemical group, commenting on his company's acquisition of a viscose plant in eastern Germany. "We just about had to tear down the whole thing and build it from scratch."

The result at the Elsterberg site in Saxony is a spanking new plant, interspersed with a few crumbling ruins from the pre-reunification Communist era.

Pollution and employment are both sharply down at the plant, while productivity has risen six-fold since Akzo Nobel acquired the factory three years ago.

But in spite of investing DM160m (£89.5m) in the plant to achieve such results - much of it subsidised by the German taxpayer - Akzo Nobel is now planning to move half the plant's 460 jobs to Poland to cut labour costs.

Of the DM160m, DM90m was spent on reorganising the plant, DM50m on environmental protection, and DM20m on restoring buildings and revamping the sewage system. The company says this amounts to investment of more than DM340,000 per job.

Akzo Nobel claims that a confidentiality clause with Treuhänder, the state authority which sold it the plant, prevents it from revealing how much of that was subsidised by the state.

But in the light of the row between the European Commission and the German government over Saxony's state aid to Volkswagen, the plan to move jobs from Elsterberg to Poland raises further questions about the usefulness of such handouts.

Akzo Nobel's commitment to keep the present level of jobs at the plant runs out at the end of this year, according to Peter Wack, responsible for the company's fibre business.

Wack says the planned move from Elsterberg is driven by increasingly fierce price competition from rivals, including emerging producers in the Ukraine. "We have no problem

The acquisition of the Elsterberg plant enabled Akzo Nobel to meet its target to cut heavy metals released to water five years ahead of schedule.

Although trumpeted in the company's environmental report, it is not in fact a dramatic achievement - given the scope that existed for rapid and relatively cheap improvements on the dismal environmental situation it inherited.

As Cees van Lede, Akzo Nobel's chairman, acknowledges,



Elsterberg: Akzo would never move capacity to eastern Europe to evade environmental standards, says van Lede.

Labour costs have replaced green issues at an Akzo Nobel plant in eastern Germany, says Leyla Boulton

Monument to a change of heart

defending a price differential of 10 per cent to 20 per cent," says Wack. "But at 30 per cent our customers begin thinking of switching suppliers."

More generally, Akzo's plan to move capacity out of eastern Germany illustrates how labour costs have overtaken environmental considerations as a top priority for much of industry in Germany.

"Environment is no longer the only argument," says Hubert Harich, a senior Akzo Nobel executive in Germany. "You have to find a fair balance between the environment and jobs. The unem-

When the clean-up rate slows

incremental improvements are increasingly expensive once the easy part of an environmental clean-up has been achieved.

He cites Akzo Nobel spending DM1.8m to improve the sulphur recovery process at its chemicals plant in Cologne from 58 per cent to 98.5 per cent. "Experiences such as this suggest that there are unlikely to be impressive quantitative improvements

played are now part of our environment."

With local unemployment running at 16 per cent, workers at Elsterberg are now trying to save jobs by negotiating an agreement to keep costs down. Wack says one possibility is to start alternative activities at Elsterberg.

One option would be to make it the site for a joint venture with Courtaulds, the UK chemicals group, for the manufacture of a new material called newcel.

Courtaulds' preferred site is a plant at Grimby in the UK, where wage costs are lower than in eastern Germany. The two

partners are likely to decide on the venture's location by the end of September.

Akzo Nobel is likely to argue that whatever happens to jobs at Elsterberg, the DM90m environmental component of the expenditure on the plant will not have been wasted. The most polluting part of the operation will stay at Elsterberg, with plans to move only the labour-intensive after-treatment processes to the Gorzow site in Poland.

The bulk of pollution from producing viscose comes from its production process. It is not only energy-intensive, but involves

treating the viscose in solvents and releasing zinc to water.

Compared to the Communist era, the plant produces 95 per cent less dust, 70 per cent less carbon monoxide and 30 per cent less carbon dioxide. The company aims to achieve an overall cut in zinc emissions to water of 95 per cent over two years and also to cut foul-smelling emissions to the atmosphere.

Akzo Nobel is the world's biggest viscose manufacturer with a 12 per cent share of the market; part of its motivation for taking over the plant - apart from preventing a competitor moving in - was to avoid "the hassle" of seeking a greenfield site for expanding capacity. As van Lede notes: "Viscose is potentially a difficult environmental product."

Neither the company nor Kurt Bismark, the premier of Saxony and something of a local hero for attracting investment and subsidies, see a conflict between environment and employment. Van Lede says Akzo Nobel would never move capacity to eastern Europe in order to evade higher environmental standards elsewhere, while Saxony's environment minister Arnoold Vaartz describes environmental protection as "a strategic consideration". However, there is little that Saxony can do about labour costs.

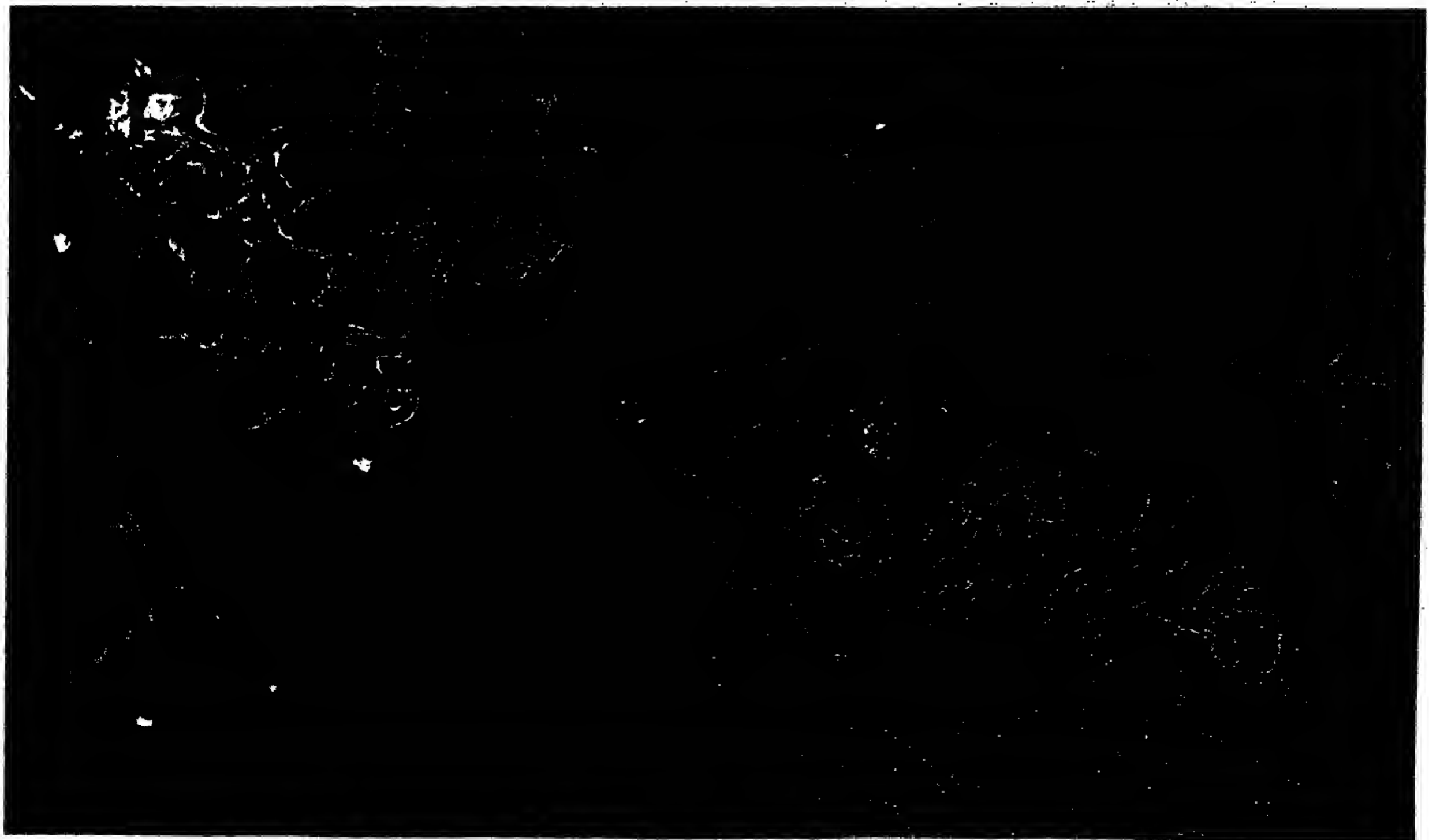
Van Lede blames the loss of competitiveness in the former east Germany on the generous exchange rate used for the east German currency on reunification as part of efforts to rapidly raise east German living standards. The problem of high labour costs is not unique to east Germany: Akzo Nobel has already come under fire from unions for planning to move jobs from the Netherlands to Poland.

For eastern Germany, however, competition from further east has a particularly ironic twist: it threatens to turn the area into a museum once again - this time commemorating how environmental improvements were unable to save industry from high labour costs.

because of the distorting effect of acquisitions. Measuring environmental performance per unit of production is not an answer because of the diverse nature of the group's activities.

"If you can find a solution you can sell it to me," he says. One part of the answer may be found in the fact that the company does set environmental targets for individual sites. They are not published in the company's environmental report, however.

LB



Accurate as science may be, its effects are often hard to predict. After all, research is aimed at the unknown, and ruling out trial and error would mean never leaving

the beaten track. The chemical and pharmaceutical industries, in particular, face incalculable risks. Doing away with pests, for instance, can eliminate the natural control

of other organisms, inducing their growth, generating unforeseen threats. And the public that wanted the "good" results, has little patience with the "bad" ones. Zurich, a leading

global insurance group, has long made a special effort to understand chemical and pharmaceutical industries and help them control their risks. Alternative risk financing

plans, meeting a company's needs for long-term cost transparency and stability, may be a solution. If the bite of misfortune cannot be avoided, at least its effects can be lessened.



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FINANCIAL TIMES

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Wednesday September 11 1996

The fate of Nazi gold

Yesterday's report by the UK Foreign Office on the fate of gold looted by the Nazis shows nothing more than the tip of an exceedingly ugly iceberg. But it contains enough evidence to make a compelling case for a deeper investigation. The report confirms the suspicion that after the war, the allies were less than zealous in pressing the government of Switzerland to hand over the illegally acquired bullion sent to that country by the Nazis.

The VAT cake

The Jaffa cake problem, as some experts call it, is looming large for Mr Kenneth Clarke, the UK Chancellor, as he prepares his last Budget before the election. Jaffa cakes, it might be remembered, were the subject of vigorous litigation five years ago. The authorities claimed they were cakes, attracting value added tax at 17 per cent, but the bakers successfully maintained that they were a biscuit and, therefore, like other basic foods, tax exempt.

Korea's future

The Organisation for Economic Co-operation and Development faces an awkward choice about admitting South Korea to membership for that it has failed to meet the country to set out a credible plan for liberalising its markets. The signs are that the OECD is veering towards a political decision to admit Korea any day now. The temptation is natural. If the OECD wants to diversify its membership into Asia-Pacific it must avoid snubbing such an important emerging economy.

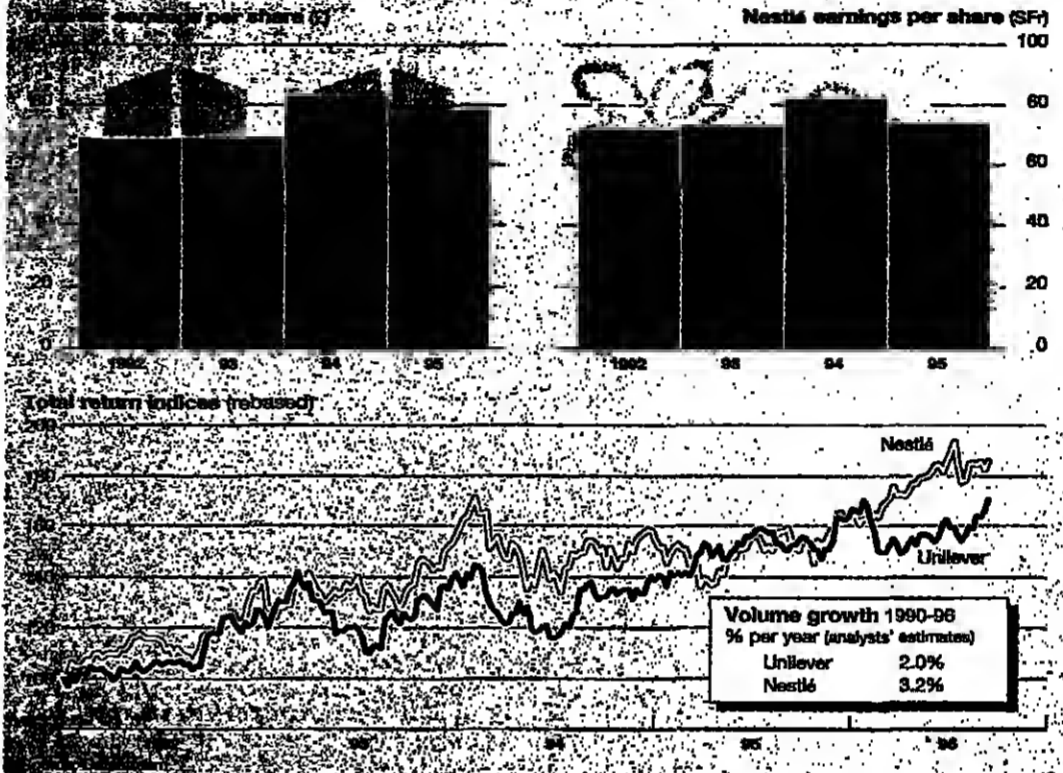
New recipes for growth

The young chiefs at consumer goods giants Unilever and Nestlé have different strategies for expansion, says Roderick Oram

Persuading Chinese farmers to buy detergents and residents of Arctic Russia to spend money on instant coffee is no mean feat for Unilever and Nestlé, two of the world's largest consumer goods producers. But reviving turnover and profits in the mature markets of north-west Europe and north America is proving just as tough. Satisfied consumers ignore the walter of marketing messages.



Unilever and Nestlé: new techniques



although the return on its investment remains meagre. It also doubled its chocolate business with the purchase of Rowntree of the UK; took a lucrative stake in eyecare with Alcon, the US maker of contact lenses and other equipment; and plunged into Italian cuisine by buying Buloni. Nestlé is also blessed with a prodigious cash generator - an instant coffee. For Unilever, margarine plays a similar but less lucrative role.

Unilever will reduce its huge portfolio by "harvesting" some products (taking profits but reinvesting little), and selling or closing others. The group has already disposed of its processed meats and mass-market cosmetics businesses in the past 18 months.

Unilever will reduce its huge portfolio by "harvesting" some products (taking profits but reinvesting little), and selling or closing others. The group has already disposed of its processed meats and mass-market cosmetics businesses in the past 18 months.

ation. It believes all it has to do is to get more of its products into more markets. "We have 16 per cent of the world food market," Mr Brabeck says. "Two per cent market share would equal huge growth. We will take up the challenge to try to double turnover every 10 years." Some two-thirds of the growth will be organic and the rest acquisitions, reversing the ratio of the late 1980s.

Again unlike Unilever, Nestlé is making only minor changes in senior management structure, and the transition to younger managers is slow. Mr Brabeck, 51, was named in November 1995 as chief executive from June 1997. He will take over from Mr Helmut Maucher, 68, who will remain chairman until 2000.

At this critical point, Nestlé and Unilever are each being driven by a pair of personalities whose relationships will fundamentally influence the planning and execution of each company's strategy. Interviewed with Mr Brabeck, Mr Maucher leaves the clear impression he has set a long-term strategy his heir can follow. During 15 years running Nestlé with an iron hand, Mr Maucher has substantially enhanced profits and broadened activities. "People say I'm a dictator but that doesn't mean my people are not involved," he says. The management transition to Mr Brabeck will be "very smooth... for many, many years he has given his input to Nestlé policy and influenced it very much."

OBSERVER

the 1995 reform bill which would... damage his tobacco and beer businesses. With his support, the clause will probably go the way of the window-washers. Sprouting forth: The Bank for International Settlements is over-represented by American banks. The Bank for International Settlements is over-represented by American banks. The Bank for International Settlements is over-represented by American banks.

Time to leave: The decision by Sime Darby, Malaysia's largest conglomerate, to pass up November's listing on London's stock exchange is raising a few eyebrows. Not long ago the business regarded a London listing as vital to its expansion. Without an official explanation, speculation is rife as to why it is leaving. It could be that turnover on the London exchange is too small to warrant the costs involved. Stones will weep: The elegant Comédie Française, opposite the Louvre in the centre of Paris, has survived more than 200 years without much need for renovation.

Financial Times

100 years ago: Railway Rumors: New York: Dailies' Telegram Mr. Chauncey M. Depew, in reference to the rumored severance of his connection with the New York Central Railroad said: "There is absolutely no truth in the report that I intend to resign. For the last five years similar reports have been circulated under the erroneous idea that there is a popular feeling against a man who holds an official position on the railway. My friends have discovered on every occasion that the reports emanated from Wall Street or Chicago, and were started for the purpose of affecting the market. A man does not necessarily lose popularity because he is a railroad official, but some people who write in the newspapers imagine that all railroad officials are unpopular." 50 years ago: Strike Hits New York Mayor Richard Dwyer, of New York, today called an emergency meeting with leaders of 25,000 striking lorry drivers in an attempt to prevent paralysis of the city. If this conference fails, New York, America's "trade capital" will enter a "state of siege" - with thousands of shops shut down, food supplies dwindling, industries crippled, building work halted.

FINANCIAL TIMES COMPANIES & MARKETS

Wednesday September 11 1996

FERGUSON ENTERPRISES Number 1 in plumbing supply - U.S.A. WOLSELEY inc

LEGAL DEFINITIONS trade mark... ROWE & MUIR LAWYERS FOR BUSINESS

IN BRIEF Investors try to veto KHD board

Angry shareholders tried to prevent a motion approving Klöckner-Humboldt-Deutz's management board at the group's annual general meeting...

Outlook turns sour for ice cream makers

The heat has been turned up in the US battle between producers of premium ice creams such as Ben & Jerry's...

Top Belgian bank plans share issue Générale de Banque, Belgium's largest bank, said it would launch a 1-for-10 share issue...

Eurotunnel names finance director Eurotunnel, the Anglo-French operator of the Channel tunnel, has named 41-year-old Mr Richard Shirreffs as its new finance director...

Horsham and Trizec to merge Mr Peter Mink, the Canadian financier, aims to create a powerful international property group...

HK and China Gas improves 20% Hong Kong and China Gas, Hong Kong's monopoly supplier of piped gas, reported a rise of 20 per cent in first-half net profits...

UK investment trust to liquidate The \$500m Kleinwort European Privatisation Investment Trust (KEPIT) is to be wound up, making it the largest investment trust in the UK to liquidate itself...

Companies in this issue AEM 4 Kirch 2 AAA 14 Koor 7 AEA Technology 8 Laurion 2 AT&T 18 Leca Camera 16 Amcor 18 Levi Strauss 9 American West Airline 18 M&Z 7 American Airlines 18 Mercury Comms 21 Amrad 21 Mitsubishi Estate 9 Astra 17 Morgan Grenfell 21 Asa 18 Nordex Denmark 2 BCP 18 Olivetti 17 BHP 18 Orient Overseas 7 BSKyB 2 PAL 15 Bank Tlaxa Asia 18 Paramount Pictures 18 Bank of Cyprus 17 Parmalat 17 Bank of Montreal 18 Pathé 17 Ben & Jerry's 18 Placor Dorva 18 Bertelsmann 2 Promodes 17 British Airways 7 Publicis 17 CGEA 9 Renault 21 Channel Plus 22 Decam 21 Chargaura 17 SAS 7 Courtauld Textiles 21 SGS-Thomson 15 Deutsche Bank 21 Sebena 15 Dreyfus Grand 17 Seagate Technology 9 Ford 7 Stet 2 Générale de Banque 17 Telefonica 15 Gibraltar Mines 17 Terega Nesional 15 Grandchild 18 Thomas Cook 15 HK and China Gas 19 Tisa 15 Hanson 20 Trizec 18 Heinz 18 Trumpf 16 Horsham 18 Verdex 17 ING 17 Verdex 17 ITT 18 Virgin 7 KHD 17 Wal-Mart 4 Kamira 18 Westminster Resources 16 Kepit 20 Williams 20

Market Statistics

Table with 2 columns: Index Name and Value. Includes FT-SE 100, Nikkei, Dow Jones, etc.

Chief price changes yesterday

Table with 2 columns: Company Name and Price Change. Includes Shell, BP, British Airways, etc.

Renault warns of dive into full-year loss

Renault, the French carmaker, yesterday warned it was set to plunge into the red this year as it reported that half-year profits fell more than 90 per cent. The company said first-half net income was FF1.52bn (\$213m), compared with FF1.76bn a year ago...



Renault, chaired by Louis Schweitzer (above), faces 'uncertain' prospects in the car market

Commercial vehicles would also swing into loss because of the combination of a continuing downturn in the cycle in the US and a market allowing in European markets. Only the finance division would report an operating profit...

PAL capital issue gives control to Tan

Mr Lucio Tan, the Chinese-Filipino businessman, yesterday took formal control of Philippine Airlines (PAL) as shareholders voted to double the carrier's authorised capital to 10bn pesos (\$382m). The decision allows Mr Tan, the airline's chairman, to hold a 55 per cent direct stake in PAL...

Telefónica set to buy out Tisa minority

Telefónica, Spain's partially privatised telecoms operator, is poised to acquire outright ownership of Telefónica Internacional (Tisa), its profitable international unit. The group plans to buy the 23.7 per cent of Tisa it does not own from the Patrimonio del Estado...

The Spanish securities house of Merrill Lynch, the US bank, said the proposed purchase would have a positive impact on Telefónica's profit and loss account if it was financed with debt, given Tisa's earnings potential and current interest rates in Spain. Merrill Lynch directed the Pal155bn global sale last year of 12 per cent of Telefónica. The government is likely to seek the sale of its remaining 20 per cent stake in Telefónica next year.

SGS-Thomson's anti-piracy device lifts shares

French group, which is one of SGS-Thomson's larger shareholders - are trying to resolve a long-running wrangle with the entertainment and computing sectors over a copyright protection agreement for digital disc systems, which can be used to play films or for data storage. The disclosure comes at a time when the world's consumer electronics companies - including Thomson-CSF, the

discs, thus stopping the activities of counterfeiters. The circuit will permit the DVD player to record television broadcasts on to blank digital discs but will render it incapable of making copies of the disc. Copyright protection is a serious obstacle to the electronics industry's efforts to mount a full-scale commercial launch of DVD, which has been hailed as the most promising new consumer electronics product of the late 1990s. Manufacturers hoped that the first DVD entertainment systems would go on sale late last month, but were forced to delay the proposed introduction because of the deadlock in the copyright talks. SGS-Thomson maintains that its integrated circuit is the first anti-copying device capable of addressing the entertainment industry's fears about DVD piracy. However it admits it will be impossible to gauge the likely level of commercial demand for it until the terms of the DVD copyright protection agreement are finalised and the electronics industry knows exactly what its requirements will be. The electronics camp presented a new set of revised copyright protection proposals to the entertainment and computing factions a few weeks ago. They hope to receive a response soon. Lex, Page 14

Barry Riley When Scandinavia gets too hot for comfort

Just how predictable was the disaster at Morgan Grenfell European Growth and its sister funds? In the light of last week's dramatic events, it is intriguing to look again at an article published in the November 1995 issue of Professional Investor, the Institute of Investment Management and Research journal. The authors were Greg Richmond and Tony Zucker, senior investment managers at Friends Provident Asset Management, which runs its own FP European Growth Trust. Although this fund is comfortably in the sector's top quartile over one and five years and is currently worth about £180m, it has never pulled in money on quite the scale of several rivals. Last year Richmond and Zucker decided to find out why. They conducted a detailed study of eight successful UK authorised unit trusts in the European sector. These included the MG and FP funds, Fidelity European, now likely to emerge as the biggest retail fund at £600m-plus, and the current top performer over five years, Old Mutual European. Among the characteristics analysed were relative quarterly performance, the standard deviation of quarterly returns and the concentration of the portfolio in the top 10 holdings (which represented between 22 and 47 per cent). They also studied the funds' liquidity and the extent of focus on smaller European

Corporate Finance Executives PRIVATE EQUITY Vero Electronics Flotation £120 million British Aluminium Management Buy-in £265 million NTL Trade Sale £327 million Priory Hospitals Management Buy-out £82 million Belfast Airport Trade Sale £107 million

COMPANIES AND FINANCE: EUROPE

Royal camera maker goes to the people

Leica, first choice of blue-blooded amateurs and hardened pros, plans an IPO



Over 50 with a big income - Queen Elizabeth, a model Leica customer

Leica Camera, the German luxury camera and optical group which counts Queen Elizabeth, the Sultan of Brunei and Mr John Major, the UK prime minister, among its clientele, is moving closer to a broader public.

Last week, the group announced that for a fraction of the cost of its revered M6 camera - about DM4,000 (£2,500) for the basic model excluding lens - investors would be able to buy a share of the company at its initial public offering next week.

Leica's market debut is the latest example of the trend for small and medium-sized German companies to raise new capital from the stock market rather than traditional relationship banks. The success of last year's string of new issues, including those by the SGL Carbon, the graphite products company, and Adidas, the sports goods company, has whetted investors' appetite for Germany's under-developed stock market.

There have been fewer listings this year, mainly because of fears of being overshadowed by the gargantuan Deutsche Telekom issue in November. Analysts are nevertheless confident of strong demand for Leica's offering. Leica is in a different league to Telekom: a niche producer with a cult following," said Mr Geertz Remshagen, analyst at Schroeder Muenchmeyer Henst.

Mr Klaus-Dieter Hofmann, chairman, was similarly unconcerned at the presentation of the group's interim results last month: "In comparison to Telekom...

we're just pocket money." Leica plans to issue 3.1m shares, comprising 700,000 from a capital increase and the remainder from its parent, the Swiss industrial group Leica Technologie. A greenshoe, or over-allotment option, provides for the issue of a further 400,000 shares. The offer could raise at least DM124m (£68.1m), with DM32m in fresh funds for Leica Camera. Bookbuilding - used to assess institutional investor interest in advance - ends today. The joint global co-ordinators are UBS of Switzerland and WestLB of Germany.

The price range is DM40-DM47 a share. After the offering, at least 70 per cent of the stock will be held by the public, about 20 per cent by Leica Technologie, and the rest by three directors of Leica Camera, including Mr Hofmann. The shares will be listed in Frankfurt from September 19.

Robert Fleming, the UK brokers, estimates market capitalisation could reach DM324m. That is about one times sales and 31 times last year's earnings.

Part of the reason for the high multiple is that last year's net profits were hit by an unusually high tax charge which reduced earnings from DM8.3m to DM7.4m. For the first quarter of the current year, Leica incurred a net loss of about DM3.5m, blamed on its acquisition of Minox, the loss-making microcamera maker, and seasonal factors. However, Leica's sales are traditionally weakest at the beginning of its business year, when it raises prices, and strongest in the second

half because of the surge in demand around the Photokina trade fair and Christmas, and ahead of the price increases. Management has said Minox, also a high-quality niche producer, will break even this year.

Another reason for the high price is its growth prospects. Leica says new products and its drive into high-growth markets should help it achieve double-digit percentage profits growth in the current year.

Sales rose 5 per cent to DM240m, with foreign revenue accounting for 58 per cent. The group, which also makes projectors, scopes,

enlargers and binoculars, has in part benefited from a consumer trend away from mass-produced products towards high-quality brand names with snob appeal.

Leica's drive for growth is assisted by its cult following. When presented with a Leica camera on his 78th birthday, Mr Henri Cartier-Bresson, the French photographer, was said to have declined the offer of a new lens. Instead, he fitted the camera with the Leica lens he had owned for 30 years, remarking: "Volla, c'est Leica."

However, judging from its latest figures, Leica has more than such tales to woo investors. Unlike most German companies, the group is increasing its workforce - about 1,500 worldwide - to meet demand. Operating profits in the year ended in March rose 15 per cent to DM16.5m, a sharp contrast to the 1970s when the group suffered heavy losses in the face of Japanese competition.

Costs should also fall following the share issue. Analysts say the lion's share would be used to repay a portion of interest-bearing debt to the parent - totalling DM61m.

However, while most analysts said the group's optimism was justified, some complained Leica's overall picture was not entirely clear. "The studies Leica provided for the issue on future developments were rather scanty on detail," said one. "It's a typical Mittelstand company that is not used to dealing with analysts."

Mr Remshagen agreed, but said he was nevertheless confident Leica's earnings forecasts were realistic. "The new products will have higher margins than their predecessors and potential sales growth is enormous in the US and south-east Asia." He said the group's customer base was "ideal - mostly people over 50 with a big income".

Sarah Althaus

Leica pro-forma results

Operating profit	DM 16.5 million
Net income	DM 16.5 million

Trumpf to spend DM40m on new laser plant

By Peter Marsh in Stockholm

Trumpf, the privately-owned German company which is Europe's biggest machine tool maker, yesterday announced it would build a DM40m (£26.8m) plant near Stuttgart to make specialist lasers for use in its cutting machinery.

The plant, to be finished in 1998, will add to two existing laser factories in Germany and a third in the US. The company said the investment, together with other expansion

plans, should generate between 50 and 100 new jobs in Germany by the end of the century, to add to its 2,000-strong German workforce. It also employs 1,000 in other countries.

The scheme is among the biggest expansion plans for some time in the German machine tool industry, which has suffered a significant drop in output and employment in recent years as a result of the weak European economy and increased competition from low-cost Asian suppliers.

Trumpf said this year demand for its products was continuing at relatively high levels. Sales were running at some 5 per cent above the DM920m recorded in the year to June 30.

The company also announced a new agreement on flexible working for its German employees under which they agree to spread a fixed number of hours over the course of a year to fit in with peaks and troughs in demand.

Such "annualised hours" systems

are relatively rare in German industry but are considered an efficient way to balance output with market requirements.

Under the deal, employees have also agreed to work 70 hours a year, unpaid in an attempt to cut costs.

Trumpf's main products are laser cutting and punching systems, an industry in which it is one of the world's four biggest companies. As part of its policy, started in the 1980s, it makes all its own lasers for these products.

Finland unveils Kemira float plan

By Greg McIvor in Stockholm

Finland yesterday took the first steps in a FMIbn (£221m) privatisation programme by unveiling plans to list an unspecified number of shares in Kemira, the state-controlled chemicals group, in a public offering likely to generate close to FM700m.

At the same time, Kemira said it would be issuing up to 5m new shares with the intention of raising FM400m to finance capital investment in its core chemicals operations.

The Finnish state currently holds 72.3 per cent of Kemira's capital after privatising its near-100 per cent interest in 1994. It said it planned to reduce its stake to 55 per cent of the enlarged capital. Non-Finnish institutional investors currently hold 14 per cent of Kemira's stock, while Finnish investors and funds hold 13.7 per cent.

Kemira indicated the two offerings would take place in tandem. Goldman Sachs, the

US investment bank, has been appointed global co-ordinator and Merita Corporate Finance of Finland will be lead manager in the Nordic countries.

Mr Kaj Friman, Kemira group treasurer, said the offerings would have a combined worth of close to FM1bn and stressed that the new issue would enhance shareholder value.

"If we get the FM400m fresh capital, we will be able to boost our existing investment programme by more than the dilution impact," he said. Earnings per share growth would exceed the dilutive effect within three years, he added. However, shares in Kemira fell FM2 yesterday to FM47 on the Helsinki bourse.

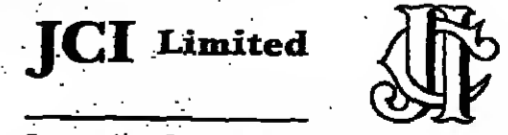
No date has been set for the launch but Mr Friman said he was optimistic the offering would take place before the year-end.

Kemira has been engaged in a heavy restructuring since 1991, substantially cutting costs and making about a third of its workforce redundant.

HIGHLIGHTS FROM THE 1996 FINANCIAL YEAR

- Headline earnings up 31% to R349 million
- Equity accounted earnings up 139% to R683 million
- Earnings from minerals and mining up 45% to R235 million
- Net asset value increased by 28% per share
- Expenditure of R465 million on investments and new business
- R2 billion approved for new Group capital projects
- Cash generated from activities: R811 million
- Share price appreciation of 70%
- Discount to net asset value reduced from 29% to 6%

In pursuit of its growth objectives, JCI Limited is committing significant resources to developing new business and to expanding Group operations. Net expenditure of R49 million was made on exploration and new business development during the year, proactively in Western, Eastern and Southern Africa, and responsively elsewhere in the current year this figure will almost double to R90 million. The Company is now directly active on 89 exploration prospects across seven countries and during the year added 1.7 million ounces of gold resources to its portfolio. In addition, including collaboration with other mining companies, JCI Limited is involved in a number of major ventures in Indonesia, Russia and elsewhere. During the year subsidiary Barnato Exploration acquired management control of the Prestea gold mine in Ghana - the first Group-managed operation outside South Africa for over 20 years.



UNLOCKING MINERAL WEALTH

The annual report will be posted to members on or about 26 September 1996. Capitalisation shares have been awarded to shareholders registered on 27 September 1996. Shareholders may elect instead to receive a final dividend of 55 cents per share payable on 6 November 1996 and will then be given the opportunity to apply the dividend in subscribing for new ordinary shares in the Company. Full details are set out in the Preliminary Report to be sent to shareholders.

The full text of the audited results will be posted to shareholders and copies can be obtained from the London Secretaries, JCI (London) Limited, 6 St James's Place, London SW1A 1NF.

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June 1996

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Floating Rate Notes due 1998

For the 3 month Interest Period September 9, 1996 to December 9, 1996 the Rate of Interest has been set at 5.54531 per cent, per annum with Interest Amounts of £4722 and £1,478.21 payable per £100 and £100,000 Notes respectively. The relevant Interest Payment Date is December 9, 1996.

By: The Glass Brothers Bank Agent Bank
September 11, 1996 CHASE

CREDIT LYONNAIS
USD 60,000,000 -
FRN Undated

Shareholders are hereby informed that the rate applicable for the Coupon N°10 has been fixed at 6.675 % for the period, ending on 11th September 1996 and 11th March 1997 (inclusive) and representing a period of 181 days.

The Coupon N°10 will be payable at the price of USD 33,560.42 on 11th March 1997.

The Principal Paying Agent

CREDIT LYONNAIS
LUXEMBOURG S.A.

مكتبة الامير

COMPANIES AND FINANCE: EUROPE

Management board of KHD under attack

By Michael Lindemann in Cologne

Angry shareholders yesterday tried to prevent a motion approving Klockner-Humboldt-Deutz's management board...

question very precisely. More than 20 speakers were due to address about 1,000 shareholders at the annual general meeting...

Shareholders repeatedly lambasted the management board and the non-executive supervisory board directors, headed by Deutsche Bank board member Mr Michael Endres...

Deutsche Bank itself holds at least 47.7 per cent of KHD, but shareholders suggested it had not registered its stake to prevent speculation about how much exactly it owns.

Following the losses, and the decision to sell the Humboldt Wedag plant subsidiary, shareholders were also expected last night to vote to re-name the group Deutz. The new company will focus on making diesel and gas engines of between 10 and 10,000 horsepower.

Speakers representing shareholder organisations said there was uncertainty about how the vote would end, because only 46.9 per cent of the voting shares were represented at the meeting.

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Vendex 21% ahead halfway

By David Brown in Amsterdam

Vendex International, the Dutch retail and services group, reported a 21 per cent increase in first half net profit, to F1151m (\$90m), amid quickening consumer spending in its main domestic market.

Vendex warned this high rate of first half growth could not automatically be extrapolated for the full year.

Mr Jean-Michel Hessels, the chairman, said he saw particular growth in the non-food and speciality retail businesses as well as in temporary employment services.

Mr Hessels indicated it was too early to say whether the second-quarter improvement in the group's clothing sales is the beginning of a continuing trend.

For the first half ending July, Vendex said operating profit was F1151m - a 22 per cent increase when adjusted for property transactions. Turnover was ahead by 6 per cent to F15,658m. Net profit per share rose 25 per cent to F1.78 and the interim dividend was fixed at 55 cents.

Vendex said that interest costs would not show a further decline but would remain at the previous year's level. This was because of share repurchases and the acquisition of OEM.

ING, the Dutch bank, said its Mercantile Mutual unit of Sydney, Australia, declared unconditional offers for the shares of asset management and life insurance company Pacific Mutual Australia, having exceeded its minimum acceptance condition of more than 90 per cent share entitlement.

Mr Ferdinand Chaffart, chief executive, said the bank's main shareholders, including Societe Generale de Belgique, Belgium's largest bank, said yesterday it would launch a 1-for-10 share issue to fund further expansion.

Mr Ferdinand Chaffart said the subscription period for the new issue would be from September 19 to October 4, with the price set according to the share price between September 10 and September 18, less a discount of between 7 and 12 per cent.

The bank's main shareholders, including Societe Generale de Belgique, Belgium's largest holding company, with 29.7 per cent, are expected to participate and maintain the overall size of their stakes.

Mr Chaffart predicted strong institutional interest and said he expected the capital increase to raise about F1.5bn.

The capital increase is necessary to increase its flexibility and solvency, Mr Chaffart said. "It will allow us to take advantage of economic growth in the countries where we are active."

Recent expansion, including the acquisition of Credit Lyonnais Nederland (renamed Generale Bank Nederland), and Fimagest, a French asset manager, has shifted the proportion of net profit achieved outside Belgium from 40 per cent to 60 per cent.

The bank plans to open branches in China - where it has a representative office - to complement its Hong Kong network, and said it was still seeking an acquisition in Germany's North Rhine-Westphalia region.

First-half profits rose from F94.78m to F97.51m. That was below analysts' forecasts of F97.4bn-F97.7bn, blamed partly on an unexpectedly steep 37 per cent rise in depreciation, write-downs and provisions, to F913.3m.

NEWS DIGEST

Olivetti chief to explain results

Mr Francesco Caio, chief executive of Olivetti, is to explain the half-year results of the Italian information technology group to analysts and investors early next week...

Mr Caio, who today meets the Italian industry minister in Rome to discuss the crisis, must try to restore the market's confidence, shattered by last week's resignations and allegations - denied by Olivetti - that the published half-year results were misleading.

Mr Carlo De Benedetti, who resigned as chairman last week, visited Mr Romano Prodi, the Italian prime minister, yesterday, in another indication that political concern over Olivetti's problems is growing.

Separately, Assisipac, an association of small shareholders, called on institutional investors to request a shareholder meeting "as the only appropriate forum... for a confrontation between owners and management".

Astra appoints new US head

Astra, the Swedish pharmaceuticals group, appointed Mr Ivan Rowley from its Canadian operations to head Astra USA. He replaces Mr Lars Blidman who was sacked in June after a series of sexual harassment allegations was made against Astra USA executives by former employees.

Chargeurs slides in first half

Chargeurs International, the French conglomerate, said first half net profit fell from a pro-forma FF122m to FF55m (\$10.6m). Sales declined 2.7 per cent from FF4.5bn to FF4.3bn.

Promodès posts 10.4% rise

Promodès, the French retailer, said first-half net profit rose 10.4 per cent from FF228m to FF251m (\$62.2m). It said the sale of its German unit Promoparknet would result in a capital loss of about FF100m in the second half.

Israel in euro-MTN issue

Israel yesterday paved the way for its entry into the eurobond market by establishing a euro medium-term note (euro-MTN) programme of up to \$750m over the next three years, including an initial issue of \$200m to \$250m before the end of 1996.

Koor to merge chemical units

Koor Industries, Israel's largest holding company, said it would restructure its chemical company holdings and unite Makhteshim Chemical Works and Agan Chemical Manufacturers under a new parent corporation, MAGM Chemicals.

Bank of Cyprus improves

The Bank of Cyprus, the island's largest bank, yesterday announced "satisfactory" half-year results and an interim dividend of 6 per cent for 1996. Operating profits were C£17.8m (\$38.6m), compared with C£16.1m in the first six months of 1995.

Top Belgian bank plans share issue

Générale de Banque, Belgium's largest bank, said yesterday it would launch a 1-for-10 share issue to fund further expansion, as it announced an 8.6 per cent increase in first-half net profits to BF7.51bn (\$568m).

Mr Ferdinand Chaffart, chief executive, said the subscription period for the new issue would be from September 19 to October 4, with the price set according to the share price between September 10 and September 18, less a discount of between 7 and 12 per cent.

The bank's main shareholders, including Societe Generale de Belgique, Belgium's largest holding company, with 29.7 per cent, are expected to participate and maintain the overall size of their stakes.

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These included a BF7.2bn provision to cover the costs of introduction of the euro, the single European currency due to be launched in 1999, involving upgrading information equipment and retraining staff.

Mr Chaffart warned that while Belgium could not afford to miss out on the benefits of the euro, the cost of implementing it would produce a "profitability shock" in the banking sector.

Advertisement for Koninklijke Ahold N.V. (Royal Ahold) Global Offering of 39,300,000 Common Shares. Includes list of international offering partners like Goldman Sachs International, ABN AMRO, etc.

Advertisement for WORLD ACCOUNTING REPORT. World Accounting Report is succinct and accurate and has a reputation for finding out what its readers need to know.

Advertisement for FLEMING FLAGSHIP PORTFOLIO FUND. Notice of Annual General Meeting. Notice is hereby given to the Shareholders of FLEMING FLAGSHIP PORTFOLIO FUND.

COMPANIES AND FINANCE: THE AMERICAS

Horsham and Trizec to merge and shift focus

By Bernard Simon in Toronto

Mr Peter Munk, the Canadian financier, aims to create a powerful international property group by merging Horsham, his main holding company, with Trizec, one of North America's biggest office and shopping mall developers.

Mr Munk transformed Barrick Gold from a struggling Canadian resources group into one of the world's biggest gold producers. "I can see us doing in real estate what we've done in the gold industry," he said yesterday.

Hahn Company, Trizec's wholly-owned US shopping centre subsidiary. Horsham's 46 per cent stake in Clark USA, a sizeable mid-west oil refiner and distributor, is likely to be sold soon.

shareholders will receive the same number of subordinate voting shares in the merged company. The merger is due to be completed by mid-November.

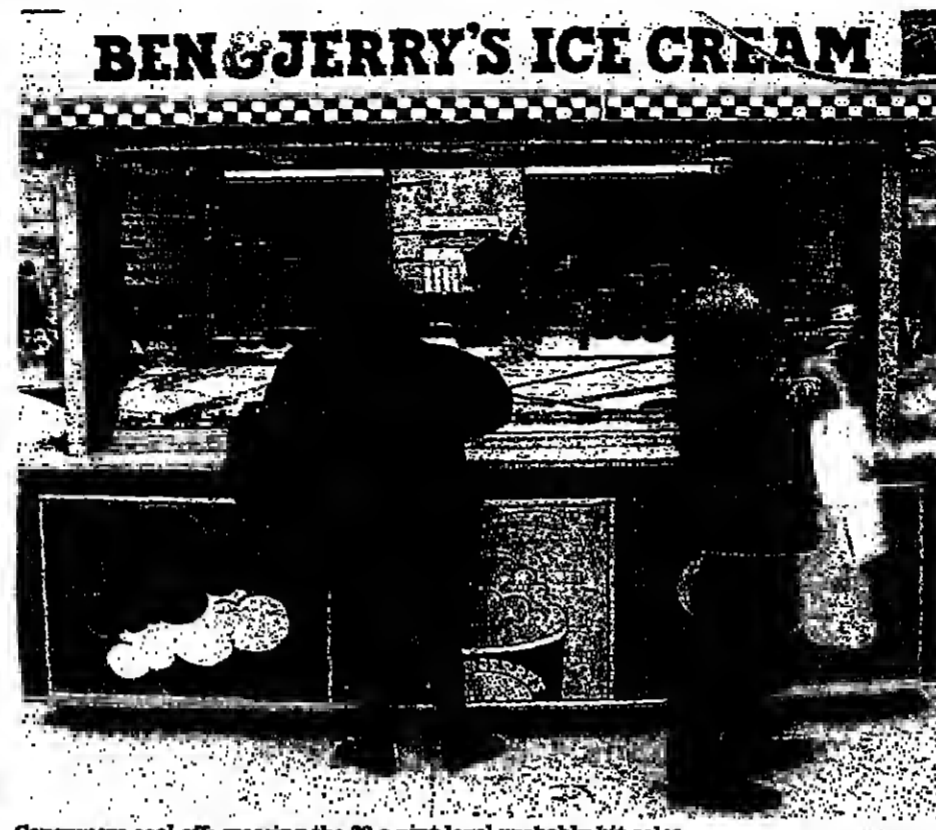
(\$97m) earlier this year for expansion into Poland, Hungary and the Czech Republic. Mr Munk will be Trizec Hahn chief executive, but day-to-day operations will be run by his long-time lieutenant, Mr Gregory Wilkins.

Price of fat turns up heat in ice cream wars

Manufacturers have been hit by rising commodity costs

A late burst of heat after a cool summer may touch off a belated rash of ice cream eating on the east coast of the US. But the signs are that this has not been a happy year for companies in the increasingly competitive markets for premium and super-premium ice cream.

production costs. The cost of this commodity has been climbing steadily in recent months, in part as a reaction to the rise in grain prices last summer, which in turn lifted the price of cattle feed and hence the price of dairy products.



Consumers cool off: crossing the \$3-a-pint level probably hit sales

by 10 cents a pint in the early summer, though the company said yesterday it had yet to raise them again.

of \$378m in the first half of the year, compared with the 33.2 per cent on sales of \$86m at Ben & Jerry's.

of greater price competition from Haagen Dazs - are likely to have been the biggest factors.

American Airlines warns of 4% costs rise

By John Authers in New York

American Airlines, the second largest US carrier, said yesterday its third-quarter costs had been driven up by higher fuel costs and protracted pay negotiations with its pilots' union, which ended last week.

dicting a 4 per cent rise in costs for the quarter. Last week's union deal followed a two-year negotiation, during which the airline had suspended purchases of new aircraft.

and the abandonment of American's plan to move 20 per cent of its pilots to a new lower-cost operation where they would have been paid less than their counterparts.

partially offset by productivity gains. Half of the 4 per cent cost rise was a result of higher fuel prices.

'Burnt out' Paramount executive quits

By Christopher Parkes in Los Angeles

Paramount Pictures' top marketing executive has quit at his own request in the wake of a disappointing summer season for the Viacom group's film arm.

Mr Barry London, studio vice-chairman, was "feeling burnt out" by 25 years in the same job, according to Ms Sherry Lansing, Paramount chairman.

NEWS DIGEST ITT shares hit by profits forecast

Shares in ITT, the hotel, casino and entertainment company, fell nearly 14 per cent in early trading yesterday on news that it expected to report third-quarter earnings well below analysts' expectations, owing to weakness in its gaming segment.

Heinz ahead in first quarter Heinz, the consumer products manufacturer, yesterday reported net income up 3 per cent to \$179.5m for the quarter to July, on turnover up 5.5 per cent to \$2.21bn, compared with the same quarter of 1995.

Placer to sell Gibraltar stake Placer Dome, the Canadian gold producer, has found a buyer for its 30.8 per cent interest in Gibraltar Mines, a western Canada copper producer owning the valuable Lomas Bayas copper property in northern Chile.

Publicis in Canadian purchase Publicis, the Paris-based advertising and communications group, has expanded its western hemisphere interests by buying BCF, Canada's seventh-biggest ad agency.

AAA, Thos Cook in alliance Thomas Cook, the UK-based travel agent, and the American Automobile Association, the car services business, have agreed an alliance to cross-sell each other's services to a combined customer base of 54m leisure travellers.

PHILIPS RECEIVABLE TRUSTS advertisement. Includes logos for Philips and ING BARINGS, and text: "US\$ 150,000,000 or its equivalent in Dutch guilders".

Yangtze River Acetyls Co. Limited advertisement. Includes logos for BP, YARACO, and SINOPEC, and text: "US \$80,495,000 Term Loan Facilities".

British Performance advertisement. Includes a large logo and text: "The ISA is pleased to announce that ANDREW SETH has been appointed Chairman of the United Value Company".

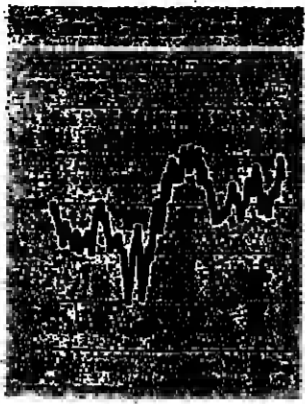
Handwritten Arabic text: "مكتبة الاموال"

COMPANIES AND FINANCE: ASIA-PACIFIC

HK and China Gas 20% ahead at halfway

By Louise Lucas in Hong Kong

Hong Kong and China Gas, Hong Kong's monopoly supplier of piped gas, yesterday reported a rise of 20.6 per cent in its net profits at the halfway stage...



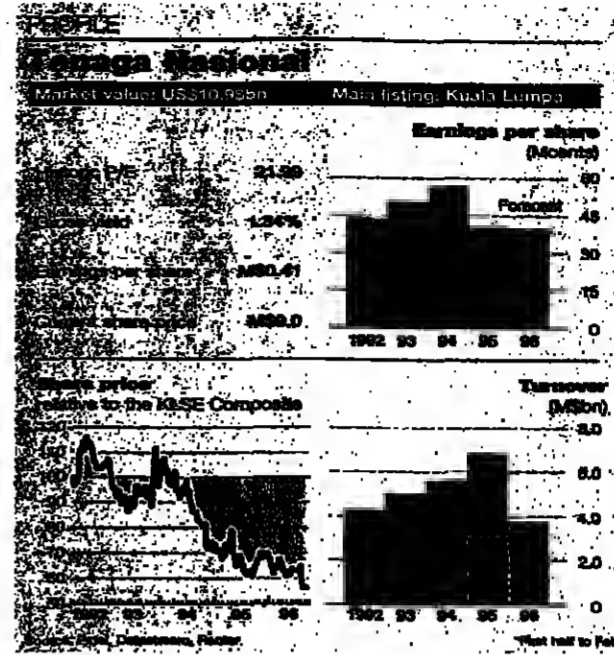
Mr Lee Shan-kee, chairman, said he expected gas supplies to be piped to Lantau Island in March next year. The Lantau pipeline, which cost HK\$500m, will supply townships to the new Chek Lap Kok airport and other new developments.

Since it listed four years ago, the fortunes of Tenaga Nasional, Malaysia's power utility, have been determined by a delicate balancing act between serving the government's wishes and chasing higher profits.

Serving the nation whatever the cost

Malaysian power utility's balancing act is worrying analysts

Observers said extra borrowing is likely, adding fresh strains to the company's finances. Total debt currently stands at around M\$7bn (US\$2.8bn) and the company's net interest expenses are estimated to be M\$540m in the year ended August 31, and to rise by over 35 per cent each of the next two years.



Phase 1 and 1A of a project to lay new 500KV transmission lines parallel to the existing 270KV lines up and down western peninsula Malaysia is scheduled to be completed at the end of 1997. Along the eastern seaboard, where the August blackout originated, the upgrading work is still in its initial stages.

make some portfolio investors nervous. Tenaga's share price has fallen from its year high of M\$11.30 to M\$9 at yesterday's close.

"Financially, the company is under pressure, although the situation is not critical," said Mr Adin Japla, an analyst at Pesaka Jardine Fleming in Kuala Lumpur.

Capital expenditure aside, Tenaga will also have to raise money for a 20 per cent stake in Bakun Hydro Electric Corp, the company which will eventually take over the running of a 2,600MW dam being built in the forests of Malaysian Borneo. Bakun is scheduled to be listed at the end of this year (although this may be delayed) and analysts believe that Tenaga will have to pay at least M\$1bn for its stake.

On the bright side, the company can look forward to national electricity demand climbing by about 14 per cent a year for the next six years. Its joy at this prospect is muted by the fact that five independent power producers (IPPs) are expected to take an increasing share of the country's generation capacity.

In 1994, the IPPs generated just 1 per cent of national demand but their output is expected to account for about 34 per cent of total demand in 1996. This proportion should climb further to about 45 per cent in 1998, analysts predicted.

James Kynge

Ancor expands in China

By Nikki Tait in Sydney

Ancor, the Australian paper and packaging group, is to build a fourth factory in China, in conjunction with the local Yunnan Tobacco Company. Ancor will hold a 50 per cent stake in the joint venture, through its Leigh-Mardon Pacific Packaging subsidiary.

tonnes of board and produce over 1bn hinge-lid boxes annually. It is due to be commissioned in the last quarter of Ancor's financial year, which ends in June.

plant would be offered alternative positions within its steel division. Axa, the French insurance group, in conjunction with Donaldson, Lufkin & Jenrette, its US investment banking unit, and National Mutual, its Australian life insurance arm, is launching a US\$125m China Investment Fund. It is the first time the three groups have collaborated on an investment product.

Indonesia bank 'may merge'

Indonesia's Bank Tiara Asia said yesterday it was open to a merger with any other medium-sized bank which focused on consumer banking, Reuters reports from Jakarta.

ever, that no deals were in sight. Mr Low said the bank was keeping the merger option open, particularly with a bank with the same market focus.

segment and consumer banking," Mr Low said. Bank Tiara had been approached by some smaller privately-owned banks with a view to merging, but there had been no deals.

Templeton Global Strategy SICAV. Notice of Second Extraordinary General Meeting of Shareholders of Templeton Global Strategy SICAV. The draft, subject to amendment, as may be required by the competent supervisory authority or recommended by the legal advisers of the Company, of the restated Articles is available for inspection at the registered office of the Company and a copy thereof will be sent to Shareholders on request.

GLOBAL EMERGING MARKET'S '96 The Mining Investment Summit

THE BREWERY, CITY OF LONDON, OCTOBER 3-4, 1996

Where are the fastest growing economies in the world... 85% of the world's people... a majority of the world's natural resources... and less than 10% of the world's market capitalization?

The 1995 Conference was attended by: Over 500 investors, 349 U.K. & European based institutional investors, 37 sponsoring mining companies, Government representatives of 18 countries.

- Selected Topics: What is the status of mining development in Peru following the concession-granting boom of 1994-1995? Regional comparisons for establishing environmental and social programs in Africa, Southeast Asia and Latin America. Finding capital to develop the gold and copper deposits in Argentina, Peru and Chile. Three keys to running a successful mining venture in Southeast Asia. Has the new mining legislation in Brazil arrived in time to take advantage of the wave of capital inflow into Latin America? A restructuring of the South African Mining Industry? Will Latin America continue to draw the lion's share of worldwide exploration dollars? What are the rewards for the foreign mining investors who recognize existing cultures and the need to integrate the local population?

For sponsorship, exhibit or registration information, please contact: INTERNATIONAL INVESTMENT CONFERENCES, INC. 6310 Sunset Drive, Miami, FL 33143-4823 Telephone (305) 669-1963 + (800) 282-7469 in the U.S. and Canada + Fax (305) 669-7350

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The Board of Directors

COMPANIES AND FINANCE: UK

Keplit battle ends with liquidation

By Roger Taylor

The £500m (£780m) Keplit fund is to be wound up, making it the largest investment trust in the UK to liquidate itself.

The move to wind up Keplit, the Kleinwort European Privatisation Investment Trust, ends a humiliating episode for Kleinwort Benson Investment Manage-

ment, which runs it.

The job of breaking up the fund has been awarded to M&G, the UK's largest retail unit trust group, and Kleinwort after a hotly contested battle between many of the best-known fund managers.

Keplit foundered because thousands of private investors who bought shares became unhappy when the trust produced disappointing returns in its first two years.

cash, for units in the M&G European & General unit trust or for units in a new Kleinwort Benson privatisation unit trust.

Mr Shane Ross, chairman of Keplit, said: "It is very unusual for investment trust directors to recommend liquidation. It is a radical solution, but it is clearly the right one for shareholders."

Hanson investors get hint of value

By Garner Iskandar and Ross Tiaman

Hanson investors will today get the first clear market signal of the value of shares in the four companies into which their conglomerate is being demerged.

Union Bank of Switzerland will begin trading derivative instruments in Imperial Tobacco Group, Millennium Chemicals, The Energy Group and the remnant Hanson company.

The Demerger Advance Participation Securities (Daps) are designed to allow fund managers to begin reorganising holdings before trading in the underlying securities begins.

Hanson's break-up, which begins on October 1, is expected to trigger heavy investment flows. In particular, many UK investors are likely to exit Millennium Chemicals, which will be quoted only in New York.

Using Daps, investors will be able to buy or sell the instruments, replicating shares in each of the Hanson companies. These will be exchanged for shares as the demerger proceeds.

According to details of the Daps issue, UBS values Imperial at between 86p and 41p per share, Energy at 50p-55p, and Hanson at 44p-49p. Millennium shares were indicated at between \$27.24-\$32.28.

Kleinwort Benson values Imperial and Millennium shares at 37p each, Energy Group at 67p and New Hanson at 45p. Combining these would value an existing Hanson share at 186p, about 18 per cent higher than yesterday's closing price of 157 1/2p, down 4 1/2p.

Mr Nick Wilson, at Kleinwort Benson, suggested that the current structure was capping the conglomerate's value at less than the sum of its parts.

"Putting the different parts together in 6 to 12 months' time should yield a higher share price than today," he said.



Roger Carr plans to make Williams a world leader

Locks demand lifts Williams

By Ross Tiaman

A drive by Williams Holdings to become the world's leading locks and fire equipment manufacturer helped pre-tax profits rise 11 per cent to £15.5m (£17.9m) in the half year to June 30.

While the performance of building products mixed, Mr Roger Carr, chief executive, said Williams' sales continued to benefit from toughening worldwide fire regulations, and strong growth in demand for locks and security devices.

The overall profit improvement included £2.4m from six acquisitions undertaken during the first half. Building products, including Rawlplug and Polycell, remains Williams' biggest

business, but first half progress was held back by weak demand in France and Germany. In North America, a modest upturn in paint and other DIY materials on the west coast helped lift operating profit from building products to \$22.5m (\$19.5m).

Operating profits from European building products slipped 4 per cent to £38.5m. Its contribution was over-taken for the first time by fire protection, up 28.5 per cent to \$40.5m.

The fire business was helped by three acquisitions, including two in France. The security business, anchored on the Yale brand, lifted operating profits 13 per cent to £21.3m. It has been reinforced with acquisitions in the US, Italy and Brazil.

RESULTS

Table with columns: Company, Shares, Price, Dividend, etc. Lists results for various companies like Anglo Group, Allied Leisure, Amstar, etc.

Dong-A Pharmaceutical Co., Ltd.

Notice of Bondholders' Additional Option to Redeem Bonds on 31st October, 1998 and Right to Revoke Notices of Redemption

To the Holders of the Company's U.S. \$25,000,000 3 1/4 per cent Convertible Bonds due 2006 (the "Bonds")

NOTICE IS HEREBY GIVEN that Dong-A Pharmaceutical Co., Ltd. (the "Company") has, pursuant to Condition 12(B) of the Bonds and with the agreement of Bankers Trust Company Limited, the trustee for the Bondholders (the "Trustee"), amended the Terms and Conditions of the Bonds by a Supplemental Trust Deed dated 10th September, 1996 and entered into by the Company and the Trustee.

The "Yield" will be the offered 2 year U.S. Dollar LIBOR swap rate which appears on the display designated "GOTTR" on such Reference 2 year U.S. Dollar LIBOR swap rate for the first quotation to the Reference 2 year U.S. Dollar LIBOR swap rate occurring on or after 10:00 a.m. (Hong Kong time) on the Determination Date.

The Company has also agreed that once Dawson Securities Co., Ltd. has calculated the percentage of principal amount as which Bonds will be redeemed on 31st October, 1998 in accordance with the formula set out in Condition 7(D) of the Bonds, the Company will give notice to Bondholders of such percentage to accompany with Condition 14 of the Bonds as soon as reasonably practicable after 25th October, 1996 but in any event, not later than the fifth London business day thereafter.

Bondholders who have exercised their option to have Bonds redeemed on 31st October, 1996 and who wish to revoke such exercise may do so by delivering written notification to the Paying Agent with whom the relevant notice of redemption and sale was deposited at any time no later than 5:30 p.m. (local time of the city where the relevant Paying Agent is located) (or the place of the specified office, as set out below, of the relevant Paying Agent) on 25th October, 1996.

The Company will be unable to redeem Bonds at its option prior to 1st January, 1997, unless the Closing Price of the Common Shares for each of 20 consecutive trading days, the last of which occurs not more than 30 days prior to the date upon which notice of such redemption is published, (i) is at least 140 per cent of the Conversion Price in effect on such trading day, (ii) when converted into U.S. Dollars on each of such 20 consecutive trading days (such conversion to be at the mean of the exchange rate quotations by Korea Financial Telecommunications & Clearing Institute in Seoul for buying and selling spot U.S. Dollars against Won in respect of each such trading day), is at least 140 per cent of the Conversion Price in effect on such trading day converted into U.S. Dollars (such conversion to be at the rate of Won 749.50 = U.S. \$1.00); and (iii) is greater than the 1998 Par Price (as defined in Condition 7(D)) multiplied by the Conversion Price in effect on such trading day.

The term "Closing Price" for any trading day means the last selling price or, if an only one price on such day, the closing price as reported by the Korea Stock Exchange for such day on, if the Common Shares are not listed or admitted to trading on the Korea Stock Exchange, the average of the closing bid and offered prices of the Common Shares for such day as furnished by an independent member firm of the Korea Stock Exchange selected from time to time by the Company for the purpose and approved by the Trustee. If there shall occur an event giving rise to a change in the Conversion Price during any such 20 trading day period, appropriate adjustments for the relevant days approved by the Trustee shall be made for the purpose of calculating the Closing Price for such days. The term "trading day" means a day when the Korea Stock Exchange is open for business. If no price is ascertained or reported on the Korea Stock Exchange (or furnished by a member firm as aforesaid) for one or more consecutive trading days, such day or days will be disregarded in the relevant calculation and will be deemed not to have occurred when ascertaining such 20 trading day period.

It is for Bondholders to decide whether the 1998 Par Price adequately compensates them for deciding not to exercise their option to require the Company to redeem or, at the option of the Company, to purchase all or some only of the Bonds held by them on the 1998 Par Price.

All Bondholders contemplating taking any action in respect of the matters contained in this notice should seek independent advice as to their tax position and, if in any doubt, should also seek independent financial advice.

Copies of the First Supplemental Trust Deed which implements the above amendments are available at the specified offices of each of the Paying Agents set out below.

Table with columns: Paying Agent, Bankers Trust Company, Bankers Trust Luxembourg S.A., Credit Suisse, etc.

Issued by Dong-A Pharmaceutical Co., Ltd.

INDUSTRIAL SERVICES

Vertical text on the right side of the Delta advertisement: ENGINEERING

DELTA

INTERIM RESULTS

Continuing to focus investment on higher added value businesses with international potential.

Table with columns: 1996, 1995, £m. Rows: Turnover, Profit before interest, Profit before tax, Earnings per share, Dividends per share.

Copies of the Interim Report for the six months ended 29th June 1996, from which the above figures are available free of charge from the Secretary, Delta plc, 1 Abchurch Lane, London EC4A 3DF. Telephone 0171-754 1414.

CABLES

NOTICE OF REDEMPTION BANQUE INTERNATIONALE A LUXEMBOURG S.A. USD 20,000,000 Step-up Coupon Bonds due 18 June 1997

NATIONAL BANK OF CANADA (A Bank chartered by the Royal Bank of Canada) U.S. \$200,000,000 Floating Rate Notes due 2006

WORLD TAX REPORT World Tax Report enjoys an international reputation for being the first to report on all important changes in the many tax jurisdictions. Its network of international correspondents all work in the field, ensuring that the information it provides is comprehensive and highly practical.

MCKENNA & Co Corporate Finance. British Aerospace PLC MERGER, George Wimpey PLC \$600m, Istock PLC \$160m, Channel Tunnel Rail Link \$2.7bn, Vanguard Medical Group plc \$111.5m, Warner-Lambert Company US \$1,050m, M40 Trains Limited MBO, Enterprise Inns plc \$61.3m.

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مكتبة الصل

COMPANIES AND FINANCE: UK

MG affair may hit OEICs

By George Graham and Motoko Rich

City regulators are concerned that the problems uncovered last week at Morgan Grenfell Asset Management could slow down the introduction of a new type of UK investment fund designed to attract more continental European investors.

Investment trust and a unit trust, but without the trust structure which is unfamiliar to continental investors, will have to be revised to take account of the lessons of the Morgan Grenfell debacle.

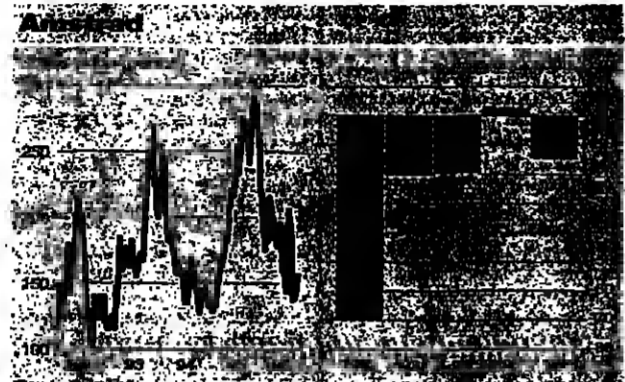
The UK unit industry manages more than £100bn but has had little success in marketing to other European countries. Now just as the government is planning the introduction of a new financial product to attract European investors, confidence in UK investment management has been shaken by events at Morgan Grenfell.

The Securities and Investments Board, the umbrella City regulator, is planning to publish draft regulations on OEICs this month, so that they can be debated by Parliament in November.

Amstrad £15m in loss

By Paul Taylor

Amstrad, the restructured personal computer and digital telephone group, reported annual pre-tax losses of £14.9m. This included £10.7m charges to cover redundancies and other consumer electronics costs.



The figures included £300,000 costs related to the aborted merger talks with Palm. The exceptions were partly offset by net interest received of £6.3m (£7.2m).

Consumer electronics business continued to experience very tough market conditions, especially in Germany, and further losses were incurred.

Disposal plan at Rexam

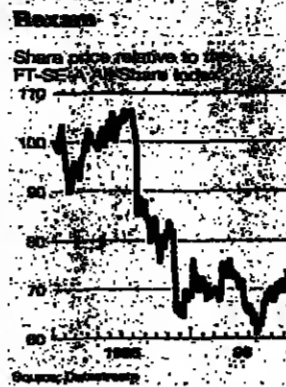
By Patrick Harverson

The new management team at Rexam yesterday outlined plans for a string of disposals at the packaging, printing and coated products group.

LEX COMMENT

Rexam

Rexam's new management got off to a refreshingly honest start yesterday. While his predecessor as chief executive claimed to have built a high-growth packaging company, Mr Rolf Björjesson sees an unwieldy conglomerate which has frittered away record amounts of capital spending.



Courtaulds Text charges

By Jenny Luesby

Mr Colin Dyer, the new chief executive at Courtaulds Textiles, yesterday revealed that restructuring the textiles group would cost £55m (£54.6m).

Arab shawl business. On an underlying basis, pre-tax profits fell from £10.5m to £600,000, following a downturn in the lace market on both sides of the Atlantic.

cover the cost of factory closures, £5m to relocate production outside western Europe, and £50m to reduce the cost base over 18 months.

Mercury plans to fight BT

Mercury Communications is planning a big increase in its investment to compete more effectively with British Telecommunications at a local level, writes Hugo Dixon.

Advertisement for Belleli Group. Large text: 'Technology has won.' Image of a factory. Text: 'You'll always find Belleli Group on the market thanks to banking and creditors.' Logo: BELLELI GROUP - Italy

Advertisement for Deloitte & Touche Corporate Finance. Grid of logos for clients: SB Holdings Limited, Priory Hospitals Group, Clubhaus PLC, Routledge Publishing Holdings. Text: 'For further information contact John Connolly or Ian Jamieson on 0171 936 3000.'

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INTERNATIONAL CAPITAL MARKETS

Deals worth \$9.5bn mark end of summer lull

By Richard Lapper, Capital Markets Editor

Benchmark issues by the Republic of Italy and the Kingdom of Spain were among the highlights in a busy day on the euro-markets yesterday with a wide range of borrowers raising about \$9.5bn in seven different currencies.

The flood of issues marks a decisive end to the quiet summer period and signals growing enthusiasm among institutional investors for dollar-denominated assets and longer-dated paper.

An expected increase in the US Fed funds rate later this month is leading many institutions to reassess their dollar weightings. "There is a perception that in the right environment the dollar will remain strong and a lot of fund managers are readdressing asset allocation," said one syndicate manager.

Many in the market argue that they are also extending the duration of their portfolios, although one pointed out that there is still quite a difference in perceptions.

"Some fund managers are happy to extend duration, others are clearly not," he added, arguing that three-year and five-year deals had enjoyed better responses than 10-year deals yesterday. However, high levels of redemptions and spread compression in secondary trading suggest that the market is "well underpinned", he said.

INTERNATIONAL BONDS

The \$1.5bn five-year deal for the Republic of Italy, brought by Morgan Stanley and SPG Warburg, the biggest of a raft of dollar issues, offers a 24 basis points spread over Treasuries and held its price when it was freed to trade.

Syndicate managers said that on the basis of swap spreads it gives Italy a funding rate of a few basis points below Libor, reflecting the steady improvement in the country's creditworthiness. Italy's outstanding 30-year bond was trading at 108

basis points over Treasuries at the beginning of the year but has now narrowed to 75 basis points over Moody's, the credit rating agency, upgraded Italy's long-term debt rating in July.

The Kingdom of Spain's \$1.5bn issue is the first jumbo yen deal to be placed internationally since last summer and was targeted at institutional investors. Bookrunner Nikko Europe reported switching by European central banks and UK investment management groups from yen bonds maturing in 2004 and 2005 into what it said would become a benchmark issue.

Priced to yield 7 basis points over the JGB 10Y, the spread widened marginally when the bonds were freed to trade but Nikko said it was "satisfied the spread will not widen further". More than 40 per cent of the bonds will be placed with investors outside Japan, with the remainder targeted at Japanese institutions.

New international bond issues

Table with columns: Borrower, Amount, Coupon, Price, Maturity, Yield, Spread, Bookrunner. Lists various international bond issues including Republic of Italy, Kingdom of Spain, and others.

Philippine, non-convertible, yield spread over relevant government bond at launch supported by lead manager. Issued by Philippine Development Bank. Priced to yield 17 1/2% over Treasury.

Other French institutions are expected to be steady buyers over the next few weeks. Today, another big issuer, France Telecom, will return to the market after an absence of nearly two years with a five-year \$400m issue, brought by Morgan Stanley and Societe Generale.

Bankers kept busy with UK bids and deals

By Richard Lapper and Peter John

Bids and deals among medium-sized UK companies are providing bankers with steady business to offset a temporary lull in mergers and acquisitions activity affecting UK utilities and other large UK corporates.

SYNDICATED LOANS

Two deals went into general syndication last week. A five-year \$70m revolving loan and \$60m term financing an agreed bid by Volo Group Finance Europe. The money will be used to refinance \$1.04bn of credit provided last year.

The terms are more favourable for Volo than they were a year ago, and also more favourable than another Volo deal signed earlier this year. The maturity has been extended from five years last year to seven years and pricing has been cut to a level which, according to some bankers, establishes a new benchmark low for comparably rated companies.

syndication of the \$500m loan for British Energy. British Energy raised \$215m in general syndication, more than double the minimum target level of the arranging banks. Ten banks were either arrangers or co-arrangers, while 20 other banks supported the loan in syndication.

"By all accounts it went better than market expectations, especially given the limited appetite for the nuclear industry," said one banker.

Credit Suisse is preparing to launch a seven-year \$700m revolving credit for Volo Group Finance Europe. The money will be used to refinance \$1.04bn of credit provided last year.

The terms are more favourable for Volo than they were a year ago, and also more favourable than another Volo deal signed earlier this year. The maturity has been extended from five years last year to seven years and pricing has been cut to a level which, according to some bankers, establishes a new benchmark low for comparably rated companies.

US Treasury prices retreat on inflation jitters

By Lisa Branstetter in New York and Samer Iskandar in London

European bonds were once again confined to the back seat, as bearish US Treasuries led the way. A stronger dollar, however, allowed Europe's high-yielders to continue outperforming German bunds, Italian BTFS, in particular, saw fresh buying as the lira reached a high of L1,004 against the D-Mark.

Inflation jitters led US Treasuries to give back some of the sharp gains made in the past two sessions in early trading. Near midday, the benchmark 30-year Treasury was 1/2 lower at 95 1/2 to yield 7.125 per cent, the two-year note was off 1/4 at 99 1/2, yielding 6.330 per cent and the December 30-year bond future was down 1/4 at 106 1/2.

The Fed's Open Market Committee is to meet in two weeks' time and many on Wall Street expect a 25 basis point increase in short-term interest rates.

In the past several sessions the market had rallied as economic data turned out not to be as strong as many had feared, thus reducing the chances of an aggressive move by the Fed to slow the economy.

"I think there was a degree of complacency that one [interest rate increase] in September would do the trick," said Mr Richard Gilhooly, international bond strategist at Paribas Capital Markets in New York.

Traders are anxiously awaiting data on inflation and retail sales - which are due to be released tomorrow and on Friday - for a reading on the potential for an emergence of inflationary pressures.

Italian and Spanish bonds narrowed their 10-year

spreads over bunds by another 3 basis points to 301 and 325 basis points respectively.

Life's December BTP future closed 0.21 higher at 116.51, while the Spanish September bond future, traded on Meff, gained 0.20 to settle at 102.33. Both markets were hit by profit-taking after the morning's strong gains, and closed off their highs.

UK gilt suffered in line with other markets in the afternoon, closing unchanged. Life's December

long gilt future fell from a high of 106 1/2 at mid-day to settle at 106 1/2, the same level as Monday.

French bonds followed Bunds and Treasuries, reversing in the afternoon gains made earlier.

Matif's September notional future retreated from its intra-day highs after falling to trade durably above the psychologically important level of 124.00. It closed at 123.80, up 0.08 in the cash market, the 10-year yield spread over bunds was unchanged at 3 basis points.

WORLD BOND PRICES

Table with columns: Coupon, Date, Price, Yield, Week, Month. Lists benchmark government bonds for various countries including Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

BOND FUTURES OPTIONS (LFFE) DMS20,000 points of 100%

Table with columns: Strike, Price, Call, Put, Mer, Oct, Nov, Dec, Mar. Lists bond futures options for Italy and Spain.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Price Index, Yield, 5-day average, 10-day average, 30-day average. Lists fixed interest indices for various maturities.

GILT EDGED ACTIVITY INDICES

Table with columns: Issue, Bid, Offer, Yield. Lists gilt edged activity indices for various maturities.

US INTEREST RATES

Table with columns: Rate, Term, Yield. Lists US interest rates for various terms.

UK GILTS PRICES

Table with columns: Issue, Price, Yield. Lists UK gilt prices for various maturities.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Issued, Bid, Offer, Yield. Lists international bond service data.

ROYALTY RATE NOTES

Table with columns: Issue, Bid, Offer, Yield. Lists royalty rate notes for various maturities.

BOND FUTURES AND OPTIONS

Table with columns: Strike, Price, Call, Put, Mer, Oct, Nov, Dec, Mar. Lists bond futures and options for France, Germany, and UK.

Other Fixed Interest

Table with columns: Issue, Price, Yield. Lists other fixed interest instruments.

DEUTSCHE MARK STRAIGHTS

Table with columns: Issue, Price, Yield. Lists Deutsche Mark straight bonds.

SWISS FRANCH STRAIGHTS

Table with columns: Issue, Price, Yield. Lists Swiss franc straight bonds.

UK GILTS PRICES

Table with columns: Issue, Price, Yield. Lists UK gilt prices for various maturities.

Other Fixed Interest

Table with columns: Issue, Price, Yield. Lists other fixed interest instruments.

DEUTSCHE MARK STRAIGHTS

Table with columns: Issue, Price, Yield. Lists Deutsche Mark straight bonds.

SWISS FRANCH STRAIGHTS

Table with columns: Issue, Price, Yield. Lists Swiss franc straight bonds.

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MARKETS REPORT

Dollar and pound gain on technical trades

Technical trading and central bank comments sparked a moribund foreign exchange market into action yesterday, driving the dollar and sterling higher at the expense of the D-Mark.

The dollar closed against the D-Mark at DM1.508 in London, up from DM1.4918 the previous day. Sterling rose by more than two pence to a two-month high of DM2.3474, up from DM2.3371 the day before.

The Swiss franc slumped as the Swiss National Bank - known to be concerned at the franc's recent high level - continued to pump liquidity into the money market.

But analysts said technical factors helped the dollar's rise, with strong support and little resistance coming once it leapt above the DM1.50 level.

Both the dollar and sterling ended at recent highs against the D-Mark. The pound's trade-weighted index rose by half a percentage point on the day in London, while short sterling contracts outperformed euro-

market futures. The dollar closed against the D-Mark at DM1.508 in London, up from DM1.4918 the previous day. Sterling rose by more than two pence to a two-month high of DM2.3474, up from DM2.3371 the day before.

able European monetary system re-entry point of £1,000 to the D-Mark. It ended the day at £1,008, having been £1,011.

The release today of the Beige Book survey in the US will provide evidence of the economy's further expansion. Mrs Yellen's comments warned of the dangers of

tightness in the labour market, following the evidence of last Friday's non-farm payroll figures showing a fall in unemployment to 5.1 per cent.

Speaking in London, Mr Braverman said the number of part-time jobs and temporary and contracted work had significantly increased in the US.

Americans underemployed," Mr Braverman said. He did not expect to see any movement in interest rates until after the election, when there might even be a rate cut.

"The Fed is vulnerable now, because a change in interest rates could cause a stock market crash resulting in a Dole victory. This would lead to Alan Greenspan [chairman of the Federal Reserve] being blamed," he said.

WORLD INTEREST RATES

Table showing world interest rates for various countries including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Switzerland, and the UK. Columns include currency, rate, and bank.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various countries including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Switzerland, and the UK. Columns include currency, rate, and bank.

POUND SPOT FORWARD AGAINST THE DOLLAR

Table showing Pound spot and forward rates against the Dollar for various currencies including Austria, Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA. Columns include currency, spot, forward, and bank.

DOLLAR SPOT FORWARD AGAINST THE POUND

Table showing Dollar spot and forward rates against the Pound for various currencies including Austria, Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA. Columns include currency, spot, forward, and bank.

CROSS RATES AND DERIVATIVES

Table showing cross rates and derivatives for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

JAPANESE YEN FUTURES

Table showing Japanese Yen futures for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

UK INTEREST RATES

Table showing UK interest rates for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

BASE LENDING RATES

Table showing base lending rates for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European currency unit rates for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

STERLING FUTURES

Table showing Sterling futures for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

NON-ERM MEMBERS

Table showing non-ERM members for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

SHORT-TERM EURO CURRENCY OPTIONS

Table showing short-term Euro currency options for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

EURO CURRENCY OPTIONS

Table showing Euro currency options for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

US TREASURY BILL FUTURES

Table showing US Treasury bill futures for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

STRIKE PRICE

Table showing strike prices for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

MEMBERS OF LONDON INVESTMENT BANKING

Table showing members of London investment banking for various currencies including Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

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AEA Technology plc advertisement including financial details, share information, and contact details for J. Henry Schroder & Co. Limited.

COMMODITIES AND AGRICULTURE

Uranium miners see light at end of tunnel Prices have doubled over the past 15 months writes Kenneth Gooding

It has been a brutal ten years for uranium miners. Prices in the free market have been only half the level of most of them need to break even; mines have shut in Africa, Canada and the US. After the collapse of the former eastern bloc, the entire uranium production industries of Bulgaria and Slovenia, as well as the large industry in east Germany, closed down. Hungary has indicated it will stop production at the end of 1997. In the ten years nearly nine out of ten employees have left the industry.

Just as important to the industry as the rising price is a change in perception among those utilities that use it. These utilities are the uranium mining companies' only commercial customers because the material has no prices peaked at more than \$43 a pound in 1978 when oil costs were rising sharply and demand for nuclear energy was expected to grow substantially. Over-optimistic demand forecasts contributed to a build up of nearly 80,000 tonnes of surplus uranium.

Consequently, a two-tier price system developed in the free market: for "restricted" and "unrestricted" uranium.

In 1994 the price of restricted uranium fell to \$7 a pound, an all-time low for the material.

There was one more blow to come. In the early 1990s, better relations between the USSR and the West meant that military stocks of uranium might become available for civil use.

Already Russia has agreed that the US can convert highly enriched uranium, used in nuclear weapons, to low-enriched uranium, which can be blended for use in commercial nuclear power.

The 500 tonnes of so-called HEU to be converted is equivalent to 150,000 tonnes of commercial fuel. This is enough to keep the West's nuclear reactors supplied for about three years.

The institute's survey projects that the Russian material will enter the market starting in 1999 at the rate of 2,000 tonnes a year, increasing steadily to about 5,000 in 2003, rise to 7,700 by 2009 and remain at that level to about 2020.

This is in line with the US promise that the arrangement will "have no adverse impact on US consumers of the mining and processing industries." Even so, the weapons grade uranium does contribute to the depression that the global uranium stocks remained extremely high.

The institute's survey goes a long way towards dispelling this impression. It says: "Adequate supply in the nuclear fuel market over the forecast period (to 2015) is heavily dependent on new mines coming into production as planned over the next five to seven years. It is also likely that the full volume of recycled spent fuel and ex-military HEU, will be required to meet market demand. It is likely that supply from further new mines of other sources will be required."

In its "reference scenario" the survey sees world nuclear power production moving up from 339,000 megawatts last year to 382,000 in 2000, to 401,000 in 2010 and to 411,000 megawatts in 2015.

The world involves uranium requirements going up from 80,000 tonnes last year, to 66,600 in 2000, to 74,800 in 2010 and 75,600 tonnes in 2015. On the other hand, supply from mines, 89,000 tonnes last year, is predicted to be between 54,500 and 61,400 tonnes in 2000, between 55,200 and 62,100 in 2010 and between 57,600 and 69,500 tonnes in 2015.

Mr Keese said: "The gap between supply and demand before 2000 can probably be filled by drawing down utility excess stocks. But adequate supply is heavily dependent on new primary production capacity being approved and coming into operation as planned."

Global Nuclear Fuel Market: Supply and Demand 1995-2015: \$750 from the Uranium Institute, Bouverie House, 68 Knightsbridge, London SW1X 7LT, UK.

Thai project could change face of potash industry

Several big mining companies are considering taking an interest in a major potash discovery in north-east Thailand that has the potential to change the face of the industry, according to Mr Gerry Wright, chief executive of Asia Pacific Resources, majority shareholder in the project.



Potash is a group of potassium salts, mainly potassium chloride and potassium sulphate, that are used almost entirely as fertiliser.

Accounting to Mr Sam Kanes, analyst at Scotia Capital Markets, part of ScotiaMcLeod, a Toronto securities group, global potash annual demand is growing at 2 to 2.5 per cent but demand in the Far East is rising at 5 to 6 per cent. Production capacity in the region represents only 1 per cent of demand.

Potash demand fell sharply after the collapse of the centrally planned economies of eastern Europe but recovered from 1994 onwards. There is still considerable surplus capacity - the world's 60 potash mines have annual capacity of about 55m tonnes whereas last year output was about 38m tonnes.

Nevertheless, Mr Kanes suggests the surplus will gradually disappear and that should underpin stable, slightly firming potash prices.

Asia Pacific's Mr Wright suggests: "Considering that the Asian market now consumes 30 per cent of world production, it is obvious that the region will have a profound effect on potash demand over the next decade."

The Sombon field is estimated to contain 330m tonnes of high grade synthetic potash. A larger field, the Udorn, is estimated to contain 1bn tonnes. Mr Wright says: "We believe the Thai potash concession is capable of supporting several potash mines which, subject to market demands, could produce more than 5m tonnes of potash a year."

The first mine could be commissioned as early as 1998.

A second feasibility study has been commissioned to take the Sombon project to the "bankable" stage and also will examine the potential of the Udorn field. By the time this study is completed, the Udorn, which owns 62.5 per cent of the project, and the Thai partner, the Metro group, with 27.5 per cent, should have identified a "compatible" industry partner for the development and operation of the project. Mr Wright says Asia Pacific might sell all its stake or remain in a minor capacity to give continuity to relationships with the Thai government, which owns 10 per cent.

Crew Holdings, a private Canadian company owned 50-50 by Mr Wright and Mr John Darch, an Asia Pacific director, owns 25 per cent of Asia Pacific.

Kenyan coffee crop boost urged

Kenya's large coffee growers are calling for a switch to high yielding but lower quality variety, reports Reuters from Nairobi.

They say it is time to sacrifice premiums on top quality coffee for high yields and lower costs guaranteed by the locally-developed Ruiru 11 variety.

Prices realised for Ruiru 11 have been "comparable if not better than for traditional varieties", says a report by Standard Chartered Estate Management.

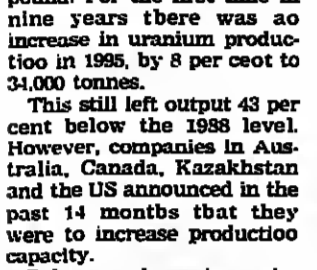


Table with 2 columns: Company, Production World in 1995 share (tonnes), and Production World in 1995 share (%). Includes Carneco, Cogema, Uraner, Priparunsky, and World Total.

COMMODITIES PRICES

BASE METALS

Table of LONDON METAL EXCHANGE prices for Aluminum, Aluminum Alloy, and Lead.

PRECIOUS METALS

Table of LONDON GOLD AND SILVER MARKET prices for Gold and Silver.

ENERGY

Table of CRUDE OIL NYMEX prices for Crude Oil and Heating Oil.

GRAINS AND OIL SEEDS

Table of WHEAT LCE, WHEAT CBT, MAIZE CBT, and SOYBEANS OIL CBT prices.

SOFTS

COFFEE LCE

Table of COFFEE LCE prices for Arabica and Robusta coffee.

SUGAR LCE

Table of SUGAR LCE prices for various sugar grades.

MEAT AND LIVESTOCK

Table of LIVE CATTLE CME and LIVE HOGS CME prices.

INDICES

Table of REUTERS and COMEX indices.

VOLUME DATA

Table of NYMEX, COMEX, and OTC volume data.

UNLEADED GASOLINE

WHEAT LCE

Table of WHEAT LCE prices for various wheat grades.

WHEAT CBT

Table of WHEAT CBT prices for various wheat grades.

MAIZE CBT

Table of MAIZE CBT prices for various maize grades.

SOYBEANS OIL CBT

Table of SOYBEANS OIL CBT prices for various soybean oil grades.

SOYBEANS CBT

Table of SOYBEANS CBT prices for various soybean grades.

COFFEE LCE

SUGAR LCE

Table of SUGAR LCE prices for various sugar grades.

MEAT AND LIVESTOCK

LONDON SPOT MARKETS

Table of LONDON SPOT MARKETS prices for various commodities.

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WHEAT LCE

Table of WHEAT LCE prices for various wheat grades.

JOTTER PAD

Table of LONDON TRADED OPTIONS prices for various commodities.

CROSSWORD

Crossword puzzle grid with clues and solutions.

Down crossword clues and solutions.

Handwritten Arabic text at the bottom of the page.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

Offshore Funds

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under Bermuda (SIB RECOGNISED) with columns for fund name, price, and change.

BERMUDA (REGULATED)**

Table listing various offshore funds under Bermuda (REGULATED)** with columns for fund name, price, and change.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds under Guernsey (SIB RECOGNISED) with columns for fund name, price, and change.

GUERNSEY (REGULATED)**

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GUERNSEY (SIB RECOGNISED)

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GUERNSEY (REGULATED)**

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IRELAND (SIB RECOGNISED)

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IRELAND (REGULATED)**

Table listing various offshore funds under Ireland (REGULATED)** with columns for fund name, price, and change.

ISLE OF MAN (SIB RECOGNISED)

Table listing various offshore funds under Isle of Man (SIB RECOGNISED) with columns for fund name, price, and change.

ISLE OF MAN (REGULATED)**

Table listing various offshore funds under Isle of Man (REGULATED)** with columns for fund name, price, and change.

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ISLE OF MAN (REGULATED)**

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JERSEY (SIB RECOGNISED)

Table listing various offshore funds under Jersey (SIB RECOGNISED) with columns for fund name, price, and change.

JERSEY (REGULATED)**

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JERSEY (REGULATED)**

Table listing various offshore funds under Jersey (REGULATED)** with columns for fund name, price, and change.

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Table listing various international funds with columns for fund name, price, and change.

ISLE OF MAN (SIB RECOGNISED)

Table listing various international funds under Isle of Man (SIB RECOGNISED) with columns for fund name, price, and change.

ISLE OF MAN (REGULATED)**

Table listing various international funds under Isle of Man (REGULATED)** with columns for fund name, price, and change.

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Table listing various international funds under Jersey (REGULATED)** with columns for fund name, price, and change.

Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 870 4378 for more details.

FT MANAGED FUNDS SERVICE

Main table containing fund names, descriptions, and prices. Includes sections for LUXEMBOURG (SIB RECOGNISED), LUXEMBOURG (REGULATED), and various international and specialty funds.

معلومات الأصل

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4876 for more details.

Offshore Insurances and Other Funds

Main table containing various fund names, prices, and performance metrics. Includes columns for fund name, price, and change. Funds listed include Alliance Capital, Global Asset Management, FT Cityline Growth Fund, India Investment AG, Lloyd George Management, and many others.

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OTHER OFFSHORE FUNDS

Table listing other offshore funds such as AXA Asset Management, AXA World Fund, and various international funds.

MANAGED FUNDS NOTES: Please see notes on pages 26-27 regarding fund performance and risks.

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued).

LIFE ASSURANCE

Table listing life assurance companies.

MEDIA

Table listing media companies.

PHARMACEUTICALS

Table listing pharmaceutical companies.

PROPERTY

Table listing property companies.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies.

OIL, INTEGRATED

Table listing integrated oil companies.

OTHER FINANCIAL

Table listing other financial companies.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging, and printing companies (continued).

RETAILERS, FOOD

Table listing retailers and food companies.

RETAILERS, GENERAL

Table listing general retailers.

SUPPORT SERVICES

Table listing support services companies.

PROPERTY - Cont.

Table listing property companies (continued).

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies.

TELECOMMUNICATIONS

Table listing telecommunications companies.

RETAILERS, FOOD

Table listing retailers and food companies.

RETAILERS, GENERAL

Table listing general retailers.

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Table listing support services companies.

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OTHER FINANCIAL

Table listing other financial companies.

TELECOMMUNICATIONS - Cont.

Table listing telecommunications companies (continued).

TEXTILES & APPAREL

Table listing textiles and apparel companies.

TOBACCO

Table listing tobacco companies.

TRANSPORT

Table listing transport companies.

WATER

Table listing water companies.

AIM

Table listing companies on the Alternative Investment Market (AIM).

AMER. - Cont.

Table listing American companies (continued).

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Table listing American companies.

CANADIANS

Table listing Canadian companies.

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Table listing South African companies.

GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service: Prices for the London Share Service delivered by FT... FT Free Annual Reports Service... FT CityLine... Up-to-the-second share prices are available by telephone from the FT CityLine service...

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LONDON STOCK EXCHANGE

MARKET REPORT

Footsie falters after new intra-day record

By Steve Thompson, UK Stock Market Editor

The UK equity market, as expected, slipped to a new all-time intra-day high yesterday, but the party was spoiled by a sluggish opening on Wall Street.

with a modest but welcome 5.3 gain at 3,916.1, falling by only 2.6 to record a new closing high.

"It only needs Wall Street to deliver a reasonable performance and we'll see London push on from here," said one senior trader.

London & Manchester, frequently seen as a potential takeover target in life assurance, and Guardian Royal Exchange, were being touted as strong bid candidates.

which took it up to within 45 points of its all-time high, and from the good news on producer and output prices, announced on Monday.

Alcopop damages M Clark

By Lisa Wood, Peter John and Joel Kibazo

There were red faces - both from embarrassment and anger - among a number of analysts who had Matthew Clark on their "buy" lists.

were specific to Matthew Clark. Allied Domecq fell 7% to 451p with Lehman Brothers labelling the stock a potential underperformer.

once again topped the list of the best Footsie performers after adding another 23 to 583 1/2p. Volume, though down on Monday's level, was a chunky 7.4m.

Profit taking in international conglomerate Hanson saw the shares relinquish 4% to 157 1/2p after trade in LBS yesterday issued Demerger Advance Participation Securities (DAPS).

Kingfisher, which fell 15 to 665p, ahead of Thursday's results. Analysts also said marketmakers were seeking neutral positions before the figures, although they were expected to be good.

One analyst said brokers had been led to believe by the industry that the cider market was steady and that "Alcopop" drinks were mainly biting standard legends.

Profit taking in National Westminster left the group's shares trailing 4 to 664 1/2p after trade of 4.6m.

the shares 1/4 lighter at 381p following trade of 4.8m. NatWest Securities yesterday issued a detailed 61-page review on the company.

London began the day in good heart, with the FT-SE 100 up over 18 points at the outset and reaching a record intra-day high of 3,933.6 in mid-morning before slipping back as downside pressure developed in the futures market.

Strong growth in the high streets reported by the British Retail Consortium helped Sharesure, which increased 5 1/2 to 518p.

Bank of Greece US\$300,000,000 Floating rate notes 2003. The notes will bear interest at 6.625% per annum for the period 11 September 1996 to 11 March 1997.

Oesterreichische Investitionskredit Aktiengesellschaft Issue of up to US\$40,000,000 Subordinated Collared Floating Rate Notes Due 2004 of which US\$20,000,000 is being issued as the initial tranche.

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Internationale Nederlanden Bank N.V. US\$200,000,000 Subordinated Collared Floating Rate Notes due 2002.

European Investment Bank Italian Lira 200 Billion Floating Rate Notes due March 1998.

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Indices and ratios table showing FT-SE 100, FT-SE Mid 250, FT-SE A 350, FT-SE A All-Share, FT-SE A All-Share yield, Best performing sectors, and Worst performing sectors.

Futures and Options table showing FT-SE 100 Index Futures (LFFE) and FT-SE 100 Index Options (LFFO) prices and changes.

Trading Volume table showing Major Stocks Yesterday with columns for Volume, Change, and Days.

FT Gold Mines Index table showing Gold Mines Index (LFE) prices and changes.

FT-SE Actuaries Share Indices table showing various share indices and their performance.

FT-SE Actuaries All-Share table showing All-Share index and its performance.

Hourly movements table showing hourly price changes for various indices.

FT-SE Actuaries 350 Industry baskets table showing industry baskets and their performance.

Additional information on the FT-SE Actuaries Share Indices, including a disclaimer and contact details.

Additional information on the FT-SE Actuaries 350 Industry Baskets, including a disclaimer and contact details.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Sep 10/Dec)

Table of stock prices for Austria, including companies like OMV, Pöchlern, and others.

BEELM (Sep 10/Nov)

Table of stock prices for Belgium, including companies like ABN-Amro, Fortis, and others.

FRANCE (Sep 10/Fri)

Table of stock prices for France, including companies like Air France, Bouygues, and others.

GERMANY (Sep 10/Thu)

Table of stock prices for Germany, including companies like Daimler-Benz, Siemens, and others.

ITALY (Sep 10/Wed)

Table of stock prices for Italy, including companies like Eni, Fiat, and others.

ASIA

HONG KONG (Sep 10/Fri)

Table of stock prices for Hong Kong, including companies like HSBC, Citicorp, and others.

INDONESIA (Sep 10/Thu)

Table of stock prices for Indonesia, including companies like PT Garuda, PT Telekom, and others.

JAPAN (Sep 10/Thu)

Table of stock prices for Japan, including companies like Dai-ichi Kangyo Bank, Daiwa, and others.

KOREA (Sep 10/Wed)

Table of stock prices for Korea, including companies like Samsung, Hyundai, and others.

TAIWAN (Sep 10/Wed)

Table of stock prices for Taiwan, including companies like TSMC, Acer, and others.

PACIFIC

NEW ZEALAND (Sep 10/Wed)

Table of stock prices for New Zealand, including companies like ASX, Fletcher, and others.

SINGAPORE (Sep 10/Thu)

Table of stock prices for Singapore, including companies like DBS, Citicorp, and others.

THAILAND (Sep 10/Thu)

Table of stock prices for Thailand, including companies like Siam Cement, Thai Airways, and others.

VIETNAM (Sep 10/Thu)

Table of stock prices for Vietnam, including companies like Vietcombank, Viettel, and others.

PHILIPPINES (Sep 10/Thu)

Table of stock prices for Philippines, including companies like San Miguel, Ayala, and others.

AFRICA

SOUTH AFRICA (Sep 10/Thu)

Table of stock prices for South Africa, including companies like Anglo American, De Beers, and others.

EGYPT (Sep 10/Thu)

Table of stock prices for Egypt, including companies like Suez Canal, Egyptian Air, and others.

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Table of stock prices for Ethiopia, including companies like Ethiopian Airlines, Ethiopian Bank, and others.

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Table of stock prices for Ghana, including companies like Ghana Airways, Ghana Bank, and others.

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Table of stock prices for Kenya, including companies like Kenya Airways, Kenya Bank, and others.

INDICES

Table of major stock indices including Dow Jones, Nikkei, and others.

INDEX FUTURES

Table of index futures prices for various markets.

ASIA

Table of Asian stock indices and market data.

PACIFIC

Table of Pacific stock indices and market data.

US INDICES

Table of US stock indices including Dow Jones, S&P 500, and others.

US STOCKS

Table of individual US stock prices and market data.

EUROPE

Table of European stock indices and market data.

AFRICA

Table of African stock indices and market data.

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4 pm close September 10

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and volume. Includes sub-sections for 'NEW YORK STOCK EXCHANGE PRICES', 'NASDAQ LISTED STOCKS', and 'NASDAQ LISTED STOCKS'. The table is organized into multiple columns and rows, listing various companies and their corresponding market data.

Advertisement for Hewlett-Packard featuring the slogan 'If the business decisions are yours, the computer system should be ours.' and the HP logo.

مكتبة العدل

Continued on next page

NYSE PRICES

NASDAQ NATIONAL MARKET

Continued from previous page... 22 1/2%... 23%... 24%... 25%... 26%... 27%... 28%... 29%... 30%... 31%... 32%... 33%... 34%... 35%... 36%... 37%... 38%... 39%... 40%... 41%... 42%... 43%... 44%... 45%... 46%... 47%... 48%... 49%... 50%... 51%... 52%... 53%... 54%... 55%... 56%... 57%... 58%... 59%... 60%... 61%... 62%... 63%... 64%... 65%... 66%... 67%... 68%... 69%... 70%... 71%... 72%... 73%... 74%... 75%... 76%... 77%... 78%... 79%... 80%... 81%... 82%... 83%... 84%... 85%... 86%... 87%... 88%... 89%... 90%... 91%... 92%... 93%... 94%... 95%... 96%... 97%... 98%... 99%... 100%

Table with columns: Ticker, Price, Change, Volume. Includes symbols like AAPL, MSFT, IBM, etc.

Table with columns: Ticker, Price, Change, Volume. Includes symbols like AMZN, ORCL, SUNT, etc.

Table with columns: Ticker, Price, Change, Volume. Includes symbols like DELL, HPQ, QCOM, etc.

Table with columns: Ticker, Price, Change, Volume. Includes symbols like INTC, NVDA, AMD, etc.

Table with columns: Ticker, Price, Change, Volume. Includes symbols like CSCO, TXN, WDC, etc.

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Table with columns: Ticker, Price, Change, Volume. Includes symbols like META, BAY, JDS, etc.

Table with columns: Ticker, Price, Change, Volume. Includes symbols like VEEVA, WYNN, WYNN, etc.

Table with columns: Ticker, Price, Change, Volume. Includes symbols like WYNN, WYNN, WYNN, etc.

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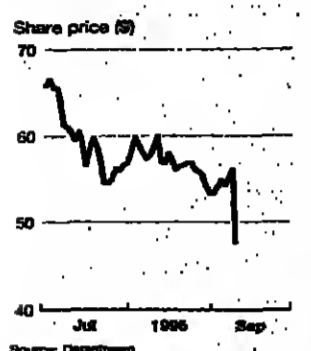
AMERICA Weak bonds take shine off Dow

Wall Street

Interest rate worries and a falling bond market caused the US equity market, at mid-session, to give up some of the strong gains made over the past several days.

Blue chip shares in the Dow Jones Industrial Average came within 36 points of passing their all-time high of 7,778.00

ITT



5,778.00 but at late morning the index began to fall as bonds declined.

By 1 pm the Dow was off 16.65 at 5,717.19 and the Standard & Poor's 500 lost 1.32 at 663.44, while the American Stock Exchange composite rose 2.31 at 564.27.

Bonds began to fall after Ms Janet Yellen, a member of the Federal Reserve's board of governors, told the Reuters news agency that the US economy had entered an "inflationary danger zone".

Mexico retreats

The region bowed a tendency to drift MEXICO CITY opened higher, but after the US stock and bond markets lost early gains the IPC index was running 15.80 or 0.5 per cent lower at 3,323.38 in mid-session.

Bear Stearns initiated coverage of the construction group, Corporacion Geo, with an attractive rating, saying that Mexico's largest low-income homebuilder was well positioned because of its technologically advanced home design focus on market, and sold capital struc-

S Africa lower all round

Shares in Johannesburg finished lower with setbacks in both the industrial and gold sectors. The overall index ended with a loss of 28.3 at 8,788.8. Industrials sank 12.8 to 8,010.4 and golds fell 43.5 to 1,724.7.

Dealers said there was clear downside pressure from equity futures, while

EUROPE

Takeover fever sweeps through Paris bourse

Bid fever swept through PARIS sending the market strongly ahead for the sixth day running and launching a number of violent share price movements. The CAC-40 gained 21.82 to 2,042.12.

Possible takeover action involving CGIP, the big holding company, was the main talking point. Press reports of a bid from CGIP for Valeo, the car parts group, created hectic activity in the shares.

Valeo hit its upside limit in the morning and then swung back the other way following a bid denial from CGIP. Volume came close to 850,000 shares whereas 100,000 would be close to the daily norm. The stock ended FF9.10 ahead at FF79.60.

ASIA PACIFIC

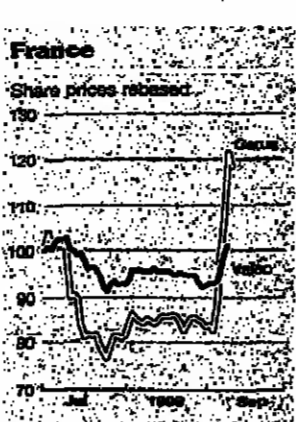
Nikkei shrugs off foreign selling with 1.8% gain

Tokyo

The accelerated, overnight rise in US equities gave more lasting encouragement to Japanese investors, and the Nikkei average rallied by 1.8 per cent in spite of foreign selling, writes Emiko Terazono in Tokyo.

The 225 index rose 37.32 to 20,559.59 after moving between 20,258.59 and 20,561.09. Overseas investors continued to be net sellers, but domestic institutions picked up shares with favourable earnings prospects.

The Topix index of all first section stocks rose 17.95 to 1,580.23 and the Nikkei 800 gained 3.33 to 290.58. Volume totaled 314m shares against 250m, still relatively low in spite of domestic buying. Some market participants were anxious ahead of Friday's settlements for September futures and options. Advances led declines by 677 to 94, with 142 unchanged. In London, the ISE/Nikkei 80 index rose 0.56 to 1,392.97.

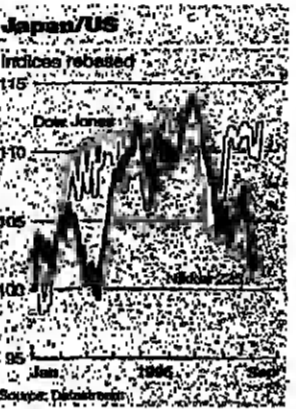


France Share price (euros)

needed to protect video digital systems from piracy. Canal Plus ran into profit-taking after the recent strong run for the shares on the back of the European merger with Nethel. The stock fell FF2.64 to FF11.20 in spite of a buy recommendation from Credit Suisse.

MILAN

MILAN made steady progress in spite of another downside lurch for Olivetti. Turnover picked up, suggesting to some observers that foreign funds were moving back into the market.



Japan/US Index relative to Japan

gain to relief at peaceful elections in Mindanao, a semi-autonomous Muslim regional government in the southern Philippines. The composite index, 35.35 higher at 9,201.80, ended a five-day losing streak. HONG KONG'S rally ran out of steam as investors reacted to Morgan Stanley's weighting cut for the Hong Kong market. The Hang Seng index closed 11.02 higher at 11,223.62, after 11,394.40. Turnover rose from HK\$3.2bn to HK\$4.71bn.

FT-SE Actuarial Share Indices

Table with 6 columns: Sep 10, 11, 12, 13, 14, 15. Rows include FT-SE Actuaries 100, 200, 300, 400, 500, 600, 700, 800, 900, 1000. Includes dates and times.

This Comit index ended 2.64 better at 535.73. Olivetti had another torrid day. Off nearly 20 per cent on Monday following a resumption of trading, the shares ended down 136.5 at 1,567.5.

The company, which unveiled shock first-half losses last week and was suspended from the bourse on Wednesday, announced that it planned to provide a statement about its first-half performance next Monday.

After flat close on 1.99 to 1.4,55 after its August car registrations showed a near 12 per cent decline on the same month a year ago. The foods group, Parmalat, hit by a cheese scare, fell a further 1.65 to 11.930.

ZURICH

ZURICH, with industrials higher and financials mostly lower, seemed to have resigned itself to the possibility of an interest rate rise in the US as the SMI index rose 9.8 to 3,894.2.

Among industrials, Nestlé rose SF7.10 to SF71.423 on foreign buying ahead of its half-year profits on Friday.

After hours, however, it was reported that CS Investment Research had cut its earnings forecast for Nestlé - from SF86.50 to SF74.30 for the current year - because the bank now felt that coffee sales would not meet CS's previous estimate of three per cent volume growth.

AMSTERDAM finished comfortably ahead in spite of some profit-taking. The AEX index was up 0.82 to 563.26. Nedlloyd continued to advance, adding Fl 1.50 to Fl 47, and Royal Dutch Shell also made further progress ahead of tomorrow's interim dividend announcement. It closed up Fl 2.40 to Fl 288.90.

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Table of FT/S&P Actuarial World Indices as of Monday September 9, 1996. Columns include National and Regional Markets, US Dollar, Day's Change, etc.

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